THE FIRST FIVE YEAR PLAN

A DRAFT OUTLINE

GOVERNMENT OF INDIA
PLANNING COMMISSION

July 1951

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CONTENTS

INTRODUCTION

THE Planning Commission was set up in March 1950 by a Resolution of the Governm nt of India which defined the scope of its work in the following terms

The Constitution of India has guaranteed certain Fundamental Rights to the citizens of India and enunciated certain Directive Principles of State Policy in particular that the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice social economic and political shall inform all the institutions of the national life and shall direct its policy towards securing among oth r things —

(a) that the citizens men and women equally have the right to an adequate means of livelihood

(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good and

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment

Having regard to these rights and in furtherance of these principles as well as of the declared objective of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country increasing production and offering opportunities to all for employment in the service of the community

The Planning Commission will —

(1) make an assessment of the material capital and human resources of the country including te hnical personn l and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation s requirements

(2) formulate a Plan for the most effective and balanced utilisation of the country's resources

(3) on a determination of prioritie define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage

(4) indicate the factors which are tending to retard economic development and determine the conditions which in view of the current social and political situation should be established for the successful execution of the Plan

(5) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the Plan in all its aspects

(6) appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that su r appraisal may show to be necessary and

(7) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it or on a considera tion of the prevailing economic conditions current policies measures and development programmes or on an examination of such specific problems as may be referred to it for advice by Central or State Governments

2 In the fifteen month which have elapsed the Commission has been engaged in examining the principal problems affecting the social and economic development of the country In this task it has drawn much help from the Central Ministries and State Governments t has also received valuable advice from its Advisory Board and the Panels concerning different subjects

3 In July 1950 the Commission was called upon at short notice to prepare a six year plan of economic development for th country to be p aced before the Commonwealth Consultative Committee With the as istance of the Department of Economic Affairs and the Reserve Bank of India this task was completed towards the end of August and the plan was later incorporated into the Colombo Plan for Co-operative Economic Development in South and South East Asia.

4 Since Septemb r 1950 the Commission has been engaged in co-operation with the Central Ministries and State Governments in examining in detail the schemes under execution as well as tho e proposed to be tal en up in the first Five Year Plan The period of five years was decided upon before the Colombo Plan was drawn up and a wo k had been initiated on this basis it was felt that in this matter of detail no change was necessary The Commission has also held consultations with representatives of the principal industries fo determining the main lines of development to be recommended for industries in the p ivate sector

5 The Commission has devoted considerable thought to the technique of working out and presenting a plan appropriate to conditions in India A national plan is in the last analysis a programme of action covering every sector of the economy It is an attempt to pool together the resources available to the community as a whole and to direct them in a manner that will secure the social and economic objectives accepted by it For this purpose the economy has to be viewed as a unity as well as in its parts and the plan should reflect not only the links between the various sectors but also their interdependence Its assessment of financial resources must also be translated into terms of the material resources necessary fo achieving the targets proposed In some countries considerable advance has been made in collecting and bringing together data which makes possible the forecasting of magnitudes of production, consumption and investment in the community as a whole as well as in particular segments of it This enables them to examine in detail the different alternatives before them test the internal consistency of particular economic programmes and present their plans in a form which shows in considerable detail the way in which they will affect the different sections of the community

6 The patterns of plans vary however with the type of political and economic set up In countries where private enterprise plays an important role only broad estimates regarding development in this sector are attempted In India there are special difficulties in the way of presenting a plan along the lines adopted in other countries Firstly the economy is itself not fully integrated there is a large unorganised sector which responds only slowly to economic stimuli Secondly statistical data are not available regarding even some of the basic aspects of the economy It is therefore not possible at present to present a completely integrated view of the economy and the likely effect of planning on the various constituent units or sectors of the economy The fact that a national plan has to cover the activities of several Governments within a federal structure and of numerous units in the private sector of the economy add to the complexity of the problem

7 The scope of our planning is limited in the first instance to the public sector and to such developments in the private sector as follow directly from the investments in the public sector or on the whole are more amenable to planning and control With the data available we have tried to view as far as possible the repercussions of the plans for these sectors on other sectors of the economy and on the development of the system as a whole but it must be emphasized that the scope for precision in this respect is at this stage of our work strictly limited

8 The Five Year Plan that has now been worked out for the public sector of the economy involves an outlay of Rs 1 793 crores over the period 1951 52 to 1955 56 The implementation of the Plan in full would require a considerable measure of foreign assistance but a part of the Plan involving an expenditure of Rs 1 493 crores and consisting largely of projects in execution has to be implemented in any case There is no gainsaying that if India is to progress at a rate which will ensure a fair measure of improvement in standards of living to the vast masses of its population without imposing on them a degree of suffering and regimentation which would endanger the further development of democratic institutions it will have to receive assistance for some years from countries more advanced than itself At the same time it is of the utmost importance that no effort should be spared for making the maximum utilisation of the resources available within the country In preparing the Five Year Plan in consultation with the Central and State Governments an attempt has been made to ensure that they will rely as little as possible on assistance from others and that the resources they raise for development will be put to the best use The Commission has also been engaged in preparing a series of working plans for large-scale industries in the private sector While steps will be taken to create conditions in which these industries can develop further and contribute to the progress of the community as a whole the fulfilment of these plans will depend on the effort they themselves make toward this end

9 Though the Five Year Plan is not all inclusive in scope it does attempt to establish control at strategic points in the system which would make it possible to influence a much larger field of activity In agriculture cottage industries and large scale industries which fall largely within the private sector the aim of the Plan is to establish during the next few years suitable machinery through which in increasing measure the community will be able to exercise a certain measure of control over the rate and pattern of its economic and social development

10 The techniques of planning will improve as the implementation of the plans proceeds The full significance of the Plan will emerge as each strand is worked out in detail appropriate administrative and financial procedures are adopted and the machinery of direction and control is organised A great deal of statistical and economic analysis will no doubt be necessary before planning in this country assume the character of a closely knit and comprehensive system The deficiencies in existing statistical data are well known and steps are being taken to improve their coverage and accuracy The implementation of the Plan will itself provide the stimulus and the opportunity for such studies and through them for progressive improvement in the techniques to be used for planning

11 Planning in a democratic State is a social process in which in some part every citizen should have the opportunity to participate To set the patterns of future development is a task of such magnitude and significance that it should embody the best thought of the country and reflect as fully as possible the impact of public opinion and the needs of the community We have therefore felt it necessary before presenting our proposals in complete detail to offer a Draft Outline of the Plan The Draft is intended to be a document for the widest possible public discussion We hope to have further consultations with the Central Ministries State Governments and our own Advisory Board and Panels and also to obtain the views of Members of Parliament before we finalise the Plan

12 This Draft Outline is divided into three parts In the first part we explain our approach to planning in the second we present the salient features of the Five Year Plan the third part deals with *problems of policy and administration It has not been possible in the* brief compass of this outline to do more than sketch our approach to certain leading problems of national reorganisation and development There are a number of questions still under study on which we have therefore deferred our views

13 The ideas of social and economic change on which a National Plan is sustained will continue to grow as experience is gained and the impact of new forces felt The success of the Plan will depend on the extent to which it enlists the association and co-operation of the people It is our hope that the Five Year Plan in its final form will come to be regarded as the field of endeavour within which every citizen can co-operate and offer his best for the common good

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PART I

THE APPROACH TO PLANNING

CONCEPT OF PLANNING

PLANNING is essentially a way of organizing and utilizing resources to maximum advantage in terms of defined social ends The two main constituents of the concept of planning are (a) a system of ends to be pursued and (b) knowledge as to available resources and their optimum allocation The ends derive ultimately from the basic values of life a community accepts At any given time the availability of resources conditions the ends that can be pursued effectively and ends together with the technical possibilities of available resources determine the application of these resources in terms of concrete programmes of action in various fields Over a period of time the systematic pursuit of defined ends creates conditions for an addition to and adaptation of the resources available

2 The impulse to planning derives under present-day conditions from the widely felt need over large parts of the world to secure the fulfilment of certain ends which it is coming to be recognised more and more the unregulated or uncoordinated operation of economic and social forces cannot secure In the industrially advanced countries broadly speaking the emphasis of planning is on a correction of the shortcomings of the system of private enterprise through changes which would secure a more equal distribution of the benefits of economic development For countries relatively underdeveloped the problem is to promote rapid development and at the same time to see that the benefits of this development accrue to all classes of the community The last half century has witnessed a widening of social ideals The economic system is now expected to provide in increasing measure freedom from want and from insecurity not to a few but to all The problem of economic development under modern conditions has therefore a social complexion quite different from the one that countries say in the nineteenth century had to face Firstly there is now a greater sense of urgency secondly there is a greater awareness of and insistence on certain basic values Economic progress is therefore interpreted to mean much more than the building up of an efficient apparatus for production of material goods it means also the provision of social services the widening of opportunities for the common man and social equality and justice Such all round progress cannot be attained without planning

3 The objective of economic and social planning then is to canalise the idealism and the con tructive urges of the community into new lines of activity In the fi ld of physical sciences man has been able to record great achievements The question has naturally been raised why given similar endeavour and persistence it should not be possible to secure comparable advances in the sphere of economic political and social affairs Between the phenomena which physical ciences study and those which fall within the scope of social science and philo ophy there are significant differences But there i no doubt that if economic and social problems are analysed objectively and assessed in terms of certain well-defined criteria a course of action best calculated to produce the desired results could be mapped out Society is no longer content passively to evolve it wants to develop Planning is thus purposive adaptation of resources to social end

4 This adaptation requires that we take into account the economic and social structure inherited from the past Social proce se are complex and a correction of some of the long term trends which have been operative in the economy calls for time and steady effort In order to secure ordered all round progress planning has to be envi aged a a continuing process a process which reaches full fruition over a period of time A Plan may relate to a particular period but not all its effects can be realised within the period Its significance therefore is to be judged not merely by the re ults that are expected to materialise by the end of the period but by the new trends it sets up in the direction of ordered growth

Political and Administrative Conditio s

5 The essential conditions for successful Planning are
(a) a large mea ure of agreement in the community as to the ends of policy
(b) effective po ver based on the active co operation of citizens in the hands of the State and earnest and determined exercise of that power in furtherance of these ends and
(c) an efficient administrative et up with personnel of requisite capacity and quality

6 The e p ychological political and administrative factors form the very ba e on which the edifice of planning has to be built The importan e of unity of purpo e i illu trated by the records of achievement a country ets up urd r the stre of emergency such as war The pres ure of circum tances creates a unanimity as to the ends of

policy which permits of no deviation from the pursuit of the objective in view This unanimity produces a coherence of policies and of practical measures so essential to planning It follows that a major task for a Government which embarks upon planning in peace time and for a constructive end is to create in the community similar earnestness of purpose on the basis of which resources can be mobilised to the full extent It is this earnestness of purpose which enables a community to make whatever sacrifices are necessary for the attainment of defined goals

7 The ability of Government to plan to work out consistent policies and to implement them effectively is in a democratic country a direct function of the measure of support and co-operation it receives from the public Such support and co operation are the real sanctions behind the Plan In a totalitarian country planning is in the hands of an all powerful central authority This makes the implementation of plans easier and facilitates the achievement of results relatively quickly But the acceptance of a totalitarian system involves a sacrifice of certain basic values and while some of its immediate results may appear promising they are attained under conditions of hardship and suffering the incidence of which is by no means light or equally distributed Economic development necessitates sacrifices in the immediate present these have to be made under a totalitarian system as much as under a democratic system The difference only is that under the latter these sacrifices are made voluntarily on a rational acceptance of the ideals of planning Democratic processes are more complicated they make larger demands on the State as well as on the people but they are an essential condition of growth from within and therefore of sound and enduring progress Democratic planning means choosing the hard way but what may seem to be the easy way or a short cut is perhaps nowhere more dangerous than in this sphere

8 Planning in India has to be conceived within the framework of the political structure set up by the Constitution This is a federal structure in which the Central Government and the Governments of States have their assigned spheres of action and there is in additi n a list of concurrent subjects in regard to which the Centre as well as the States can undertake legislation Residuary powers rest with the Centre which also has certain emergency powers Economic and Social Planning is in the Concurrent List as this is a field in which the Centre and the States are both interested and have to work in unison Close co operation between the Centre and the States is thus essential for formulating as well as implementing plans The tradition of mutual consultation and of adjustment of policies as between the Centre and the States will be strengthened as planning proceeds

and the increasing measure of coherence in policies and measures thus brought about will no doubt accelerate the pace at which progress can be achieved along the lines indicated in the Plan

9 Democratic planning presupposes an overall unity of policy combined with proper diffusion of power and responsibility In such planning not only the Governments of States but also local self governing bodies such as municipalities district and *taluka* boards and *panchayats* and various functional organisations have to play a vital part Measures to promote a healthy growth of such institutions are therefore an integral part of democratic planning We visualise that in due course it will be possible for the *panchayats* and other local regional and functional bodies to participate actively in the preparation of plans The role of the central planning authority will be to prepare a general framework for the Plan to invite the appropriate local and functional bodies to send in the plans affecting their respective fields and when these are received to assess them in terms of overall priorities to amend and adapt them in the light of overall needs and resources and finally to work out in consultation with the bodies concerned a comprehensive National Plan In the implementation of the Plan again the principle of diffusion of power and responsibility must be followed The function of the Central Government is thus to evolve a co-ordinated policy and to act as an ultimate source of reference in case of conflict between local or sectional interests The purposive direction which planning involves has to be secured in this manner by the Central Government Without such direction concerted action is not possible

10 Given a State thus organised it is of the utmost importance that it has at its command an administrative system whose personnel is capable of discharging the varied responsibilities that devolve on it in connection with the execution of the Plan This is a subject to which the Planning Commission has given careful consideration The administrative machinery in the country has been greatly strained as a result of the rapid extension of the activities of the State in recent years There has been some deterioration in standards of efficiency and in some cases of integrity In some parts of the country which have recently been integrated into the all India structure there is dearth of personnel of the right quality and experience Modern administration is a complex art which requires specialised talent and experience Arrangements have to be made to build up the strength of such personnel to the required extent At the highest level the enunciation of policies and their execution shade into one another At this level the best talent in the country has to be harnessed But at all levels the Government is known to the citizen mainly through

the officials he comes into contact with The capacity of the adminis trative system to be able to cope with its functions at all points is therefore vital to the success of planning

THE ECONOMIC AND SOCIAL PATTERN

11 The economic and social pattern to be attained through plan ning is indicated in the Directive Principles of State Policy enunciated in Articles 36 to 51 of the Constitution n terms of these Directive Principles the State is to regard the raising of the level of nutrition and the standard of living of the people as among its primary duties The economic policy of the State must be governed by the obligation placed upon it to secure that the citizens men and women equally have the right to adequate means of livelihood The State has to endeavour within the limits of its economic capacity and the stage of development reached to make effective provision for ecuring the right to work the right to education and the right to public assistance in cases of unemployment old age sickness disablement and in other cases of undeserved want For attaining these ends the Directive Principles enjoin that the ownership and control of the material resources of the country should be so distributed as best to subserve the common good and that the operation of the economic system should not result in the concentration of wealth and of the means of production in a manner detrimental to the common good Special stress is laid on the need to secure to all workers agricultural industrial and others work a living wage conditions of work ensur ing a decent standard of life and full enjoyment of leisure and social and cultural opportunities In furtherance of these aims the State is to endeavour to organise agriculture and animal husbandry on modern and scientific lines and to promote cottage industries on individual or co operative lines

12 Briefly the Directive Principles visualise an economic and social order based on equality of opportunity social justice the right to work the right to an adequate wage and a measure of social security for a l citizens They do not prescribe any rigid economi or social frame work but provide the guiding lines of State Policy Planning in India has to follow these guiding lines and to initiate action which will in due course produce the desired economic and social pattern

THE ECONOMIC SITUATION

13 For over a decade the Indian economy has been subjected to exceptional stresses and strains The War meant a large draught on civilian resources the inflationary consequence of which could be

mitigated only to a limited extent through controls The abnormal political conditions in the two years between the cessation of the war and the attainment of Independence and the dislocation of the economy con equent on Partition added to the imbalance in the economy and led to a further deterioration in the economic situation The suspension of controls towards the end of 1947 led to an activation of latent inflationary pressures and resulted in a rise in prices to the extent of about 30 per cent in the cour e of six or se en months In spite of this unfavourable background a reduction in development expenditure wa not immediately practicable and the Government of India as well as the Governments of States tried to put through schemes of economic development and ocial amelioration These schemes were not undertaken on a planned basis The anticipations regarding available financial resources did not also come true The benefits of some of the e schemes could in the nature of things materialise only after a period of tim Meanwhile the pre sure on limited resources created new problems

14 The main facts of the wartime and post war developments may briefly be tated as follows —

(i) The index of wholesale prices is now over 4½ times pre war The working class co t-of living indice for different indu trial centres in the country vary from over 3 to over 4 times the pre war level The increase in money incomes consequent on inflation has altered the distribu tion pattern of income but the level of real income per head at pre ent is probably no higher—and may well be lower—than say in 1939-40

(ii) The average area under cereals for the three year ending 1949 0 wa 183 8 million acres as compared to an average of 167 million acres for 1936 37 to 1938 39 while the produc ion of cereals or the corresponding periods was 44 2 million and 46 1 million tons respectively These figures are not exactly comparable because of differen e in coverage and certain changes in the machinery of repo ting But broadly speaking the fact remains that th increa e in area is not reflected in a corresponding increase in production In spite of substantial imports of foodgrains from abroad in recent years per capita availability for domestic consumption of cereals now is lo er than before the war Partition has upset the balance of the economy by transferring to the category of international trade the movement of essential raw material like cotton and jute the production of which in the Indian Union is seriously below requirements

(iii) Although production in respect of several industries has increased substantially yet in ome major industries like cotton jute and sugar the current level of output is much below capacity

(iv) During the war years building activity for civilian purposes was practically at a standstill In the post war years it has been on a restricted scale This coupled with the large increase in urban population during the last decade has created an acute housing shortage and has aggravated the already serious over crowding in the towns and cities

(v) The Partition of the country has led to large movements of the population across the new boundaries The number of displaced persons who came to India from West Pakistan has been estimated at 4 9 million and of those coming from East Pakistan at 2 6 million The problem of relief and rehabilitation of these displaced persons has had to be faced on an emergency basis Considerable progress has been made in regard to the settlement of displaced persons from West Pakistan A great deal yet remains to be done in regard to the rehabilitation of migrants from East Pakistan This will make a further demand on resources and will also take some time

15 Thus high and rising prices shortages of raw materials of essential consumer goods and of housing and the relief and rehabilitation of displaced persons constitute the immediate problems for which the First Five Year Plan must provide an answer Part of the present economic discontent in the country is due also to the fact that in the face of the hardships caused by the various factors mentioned above some unscrupulous sections of the community are able to make illegitimate gains through blackmarketing and profiteering All the resources of Government and the community should be brought to bear on measures for eradication of these evils

LONG-TERM ECONOMIC TRENDS

16 It would be a mistake however to regard the present disequilibrium and maladjustments in the economy as due entirely to the abnormal conditions of the war and postwar years Viewed over a long period the Indian economy has been more or le

stagnant and has failed to meet the demands of a rapidly growing population This will be seen from the following long term trends in the economy —

(i) The population of the Indian Union (excluding Jammu and Kashmir) has increased from 235.5 million in 1901 to 356.9 million in 1951—an increase of about 52 per cent over the half century The rate of increase for the first two decades was relatively low but it has risen since then Between 1921 and 1931 the increase was 11 per cent for 1931-41 it was 14.3 per cent and for 1941-51 it was 13.4 per cent

(ii) There has been very little change in the occupational structure despite considerable development of industries In 1911 about 71 per cent of the working population was engaged in agriculture for 1948 the National Income Committee puts this figure at about 68.2 per cent Agriculture affords employment for only a part of the year so that a large proportion of the workers engaged in this occupation are more or less idle for the rest of the year There is thus a great deal of chronic under-employment in the country

(iii) Sown area per person has shown a steady tendency to decline For British India sown area per person went down from 0.88 acre in 1911-12 to 0.72 acre in 1941-42 For 1948 i e after partition the estimated sown area per person in the Indian Union works out at 0.71 acre Evidence as to the trend of yields per acre is not conclusive From some of the published figures available it would appear that in respect of certain food crops at any rate the trend has been downward It is difficult to assess the over all trend of productivity in agriculture but the broad picture that emerges suggests conditions of stagnation in this respect

(iv) In the industrial sector there has been considerable development during the last 30 years or so The policy of protection adopted in 1922 led to a rapid development of several industries such as iron and steel cement and sugar World War II gave a further fillip to industrial development In spite of all this organised industries of the modern type afford employment to only about 2.4 million workers Thus the industrial sector has not grown at a rate rapid enough even to offset the pressure of population on land much less to provide on balance a rising standard of

life for a growing population And several of the industries which grew up in wartime have not yet been firmly established

17 Data on national income over a period of years are not available on a comparable basis It is not possible therefore to indicate the long term trend in this respect so as to get a synoptic picture of the economy It may be pointed out however that the estimate of national income for 1948-49 works out at Rs 255 per capita which allowing for changes in prices does not indicate a level of real income higher than that suggested by some of the earlier estimates There is little doubt on the whole that the economy has for a long period remained geared to a low level of production and therefore inevitably of consumption The margin of savings available for development is but small

18 It is these long term trends which explain the persistence of mass poverty and unless they are corrected through utilisation of resources which are either inadequately or inefficiently utilised at present a substantial rise in the standard of life cannot be secured

19 In the formulation of the Plan due attention must therefore be paid to this basic problem of development in addition to the problem of post war or post Partition readjustments

Population Pressure Its Bearing on Development

20 A significant feature of one of the trends mentioned above *viz* the accelerated growth of population during the last two decades or so calls for special comment here This acceleration has been the result it appears not of an increase in the birth rate but of a decrease in the death rate The recorded birth and death rates in 1949 were 27 6 and 16 4 as compared to 38 and 34 respectively for the first two decades of the present century Allowing for the fact that there is considerable under reporting of births and some under reporting of deaths a recent estimate puts the actual birth and death rates for the period 1931-41 at 45 and 31 respectively as against 49 and 43 respectively for 1901 11 which means a doubling of the survival rate The recorded death rate has been declining significantly over the last 25 years It would appear that of late the machinery of recording birth and death rates has not been functioning well so that the year to-year variations in these rates may not be of any real significance But variations over a long period in terms say of decennial averages do reflect the underlying trend and it is clear that the decennial average death rate has been falling

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POPULATION PRESSURE ITS BEARING ON DEVELOPMENT

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over the last 30 years or so This fall is in all probability the result of an improvement in medical facilities better control of epidemics and the general progress of medical science resulting in the discovery of new drugs preventive and curative which save human life by the thousand If as seems likely this trend continues the present rate of growth of population will be maintained for several years to come it may even go up a little

In planning for a progressive improvement in living standards the implications of this rapid growth of population need careful to be considered While it may be difficult to say what the optimum level of population for India should be and while it would also be wrong to underrate the potentialities of modern science and techniques to augment the productive capacity of the country it is clear that under present conditions an increase in manpower resources does not strengthen the economy but in fact weakens it The population problem is complex and it has several aspects economic and social It is necessary in the present context only to stress the fact that unless measures are initiated at this stage to bring down the birth rate and thereby to reduce the rate of population growth a continuously increasing amount of effort on the part of the community will be used up only in maintaining existing standards of consumption With all the effort that the First Five Year Plan will represent it will be possible barely to restore by 1955-56 the pre-war standards of consumption in regard to essentials like food and clothing Increasing pressure of population on natural resources (which must inevitably be limited) retards economic progress and limits seriously the rate of extension of social services so essential to civilised existence A population policy is therefore essential to planning

THE PERSPECTIVE OF PLANNING

22 The discussion of the economic and social pattern to be attained and the brief analysis of economic trends recent and long term attempted above provide the necessary perspective for planning at the present

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problem considerations of social justice and the need for a progressive reorientation of the economy along the lines suggested in the Constitution have to be borne in mind

The Problem of Competing Objectives

24 Within this broad perspective there is the further problem of choice between competing objectives Maximum production full employment lower prices greater equality of incomes—all these—cannot under certain conditions go together Each one of these objectives is in itself desirable and there is therefore need for a balanced emphasis on each A plan has in other words to work in terms of a scheme of priorities as between these objectives laying more stress on some and less on others This problem of balancing competing objectives is implicit in all economic decisions it is not peculiar to planning But planning brings it out to the fore and necessitates a reasoned decision The quality of a Plan depends on the soundness of its judgments regarding priorities as between objectives For it is only if these judgments are sound that consistent policies can be formulated

25 An illustration or two may make the point clear During war time full mobilisation of resources for military purposes becomes a major objective of policy To secure this the community is forced to suffer a fall in the standard of living and may even have to sacrifice for the time being certain vital freedoms In fact all considerations other than the furtherance of the war effort are pushed into the background Similarly faced with the problem of rearmament several countries have recently had to decide to sacrifice civilian consumption partly through higher taxation and partly through higher prices and costs of living For the pursuit of major objectives it becomes necessary to sacrifice certain minor objectives

26 The conclusion is that in the pursuit of varied objectives there emerges at each stage in a country's development an optimum combination and the task of economic statesmanship is to keep close to this optimum In the paragraphs below an attempt is made to set forth the main considerations relevant to a determination of priorities as between objectives at this stage

27 For an improvement in the present economic situation in the country an increase in the output of essential consumption goods in the immediate future must have a high priority It is nec

the same time to undertake certain projects designed to strengthen the economy and make it capable of attaining progressively higher levels of output in course of time This means that the rate of investment in the economy taking short term and long term projects together has to be fairly high A large and early increase in consumption and a high rate of capital formation cannot go together It therefore becomes necessary to choose between the two to decide upon the relative emphasis to be placed on each In a country with low standards of living the margin of savings is small so that a high rate of investment for purposes of capital formation may cause serious hardship On the other hand unless capital formation is stepped up substantially the community will have to go on living from hand to mouth and the rate of economic advance will be small To some extent the problem can be solved through mobilisation of idle resources and steps can be taken to see that the total consumption of the community does not rise to the full extent of the net addition to production secured through such mobilisation However the very factors that have retarded economic development are likely in the short period to limit the rate at which idle resources can be used effectively for increasing production It is also likely under these conditions that the bulk of the increased income will be devoted to consumption The need for some sacrifice of current consumption in the interest of capital formation will therefore remain In a country like India where a large proportion of the community has a subnormal standard of living there are limits beyond which capital formation cannot be increased And yet effort has to be made to secure capital formation to the maximum extent This means that while the minimum standards of consumption of the vulnerable sections of the community must be safeguarded the bulk of the community must keep down its consumption Under certain conditions this reduction in consumption may be brought about through an increase in prices but this would mean in effect that the very classes that have to be protected will suffer Moreover the price level in India is already very high and an accentuation of inflationary trends has therefore to be avoided Capital formation under these conditions has to be promoted through savings voluntary or compulsory While the necessary sacrifice in consumption has inevitably to be spread as widely as possible the higher income groups have a special obligation to fulfil in this respect

28 It is also necessary that the Plan provides for fuller employment Unemployed manpower has to be supported today by the rest of the community and it is therefore a factor depressing standards of living Of all the corrosive factors in modern economic life unemployment is probably the most serious The social

cost of such unemployment is therefore larger than its economic cost If on the other hand this manpower could be mobilised and put to productive use it would turn into a source of strength The question is along what lines this is to be planned

29 The analogy of advanced countries where full employment is accepted as a goal of policy is not directly applicable to the conditions of a backward economy In the case of the former the problem is associated with a phase of the trade cycle There are no technical difficulties in the way of utilising the idle manpower For under conditions of depression there exist in the economy idle plant and equipment along with unemployed labour and the problem is one of insufficiency of demand in the economy In an underdeveloped economy the problem is mainly structural in character Corresponding to idle labour there are no adequate supplies of other cooperating factors of production such as land and capital equipment If a programme of full employment increases money incomes in the community but does not increase production correspondingly the main outcome will be to stimulate an upward movement of prices

30 In the ultimate analysis a programme of full employment can be implemented only after some progress has been made in removing the structural deficiencies in the economy which now stand in the way of its expansion A development plan is essentially an effort to create conditions for full employment Rapid extension of irrigation and the introduction of more intensive agriculture is the most important single step in the direction of remedying chronic underemployment The total volume of employment in a community depends upon the level of productive activity Measures which promote the latter directly create new opportunities for employment and incomes thus obtained constitute a demand for still more labour Thus an expanding and diversified economy is in the long run the best guarantee for full employment

31 In the reduction of unemployment and underemployment cottage and small scale industries have an important part to play In a country in which labour is plentiful relatively to capital preference must be given wherever technical conditions permit to labour intensive rather than to capital intensive processes Cottage and small scale industries have certain advantages They do not involve the use of elaborate techniques if raw materials are locally available these industries can cater effectively to local markets The problem here is mainly one of organisation The individual worker is under present conditions often unable to find the

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necessary finance to purchase the raw material or to adopt efficient techniques or to market his product on advantageous terms These handicaps have to be removed through cooperative organisation and well planned State aid

3 A judicious location of new industrial units with due emphasis on balanced regional development is also a vital step in the direction of a wider diffusion of employment opportunities

33 It is possible in this manner to move in the direction of full employment but there are difficulties in the way of an acceptance of full employment as an immediate objective of policy For an expansion in employment opportunities on a cale large enough to meet the requirements of a rapidly growing population is a matter of time and in the adoption of measures to create more employment due attention has to be paid to an improvement in the efficiency of cottage and small scale industries A higher level of employment is desirable but if it requires sacrificing indefinitely the fruits of technical progress the loss to the community over a period may be much greater than the gain There are as mentioned above advantages in small scale production and local distribution which favour the establishment and survival of cottage and small scale industries efficiently organised and these must be supported

34 Finally we may consider the objective of a reduction in economic inequalities We have today a wealth and income structure which is far from satisfactory and a more equal distribution of wealth and a more equal sharing of the national product by the different sections of the community are necessary not only from the point of view of social justice but even for full mobilisation of the productive resources of the community Economic equality and social justice are conditions indispensable for the survival of democracy and a carefully worked out policy for reduction of disparities in income and wealth is the *sine qua non* of planning On the other hand a hasty implementation of measures intended to bring about economic equality may in the short run affect savings and the level of production adversely it may even make it difficult to effect a smooth transition to the type of planned economy we envisage This does not mean that existing conditions have to be continued nothing we are convinced is likely to damage the prospects of democratic planning so seriously as a failure on the part of the more well to do classes to adapt themselves to the implications of the new economic and social pattern which is to be built up in the country through planning The rate at which progress may be made in the direction of equality has inevitably to be

adjusted to the requirements of the present economic situation Also for reduction of disparities in income and wealth *only* democratic methods have to be used But economic equality and social justice rank so high among the objectives of planning that at least the first steps in the right direction have to be initiated immediately

35 Large scale investment by the State for basic development is a major instrument for securing economic equality for it is through such *investment that the millions of agriculturists and other rural* workers in the country will be able to build up economic strength Rapid development of the rural economy is under present conditions the most effective way not only of increasing production but *also of initiating a process of levelling up of incomes in the lowest* strata This process increases productivity and incomes precisely where these increases are most needed it is a step in the direction of narrowing the disparity between the conditions prevailing in rural and urban areas This positive approach to the problem of economic inequality has great potentialities and we recommend that this approach should be followed consistently by the State in planning its investments

36 The abolition of Zamindari the fixation of fair rents for tenant the provision of security of tenure for the cultivator and the progressive substitution of usury by organised credit at reasonable rates are also steps calculated to promote economic and social equality Rapid progress in this direction is being made in almost all State the significance of which is sometimes not fully appreciated Our recommendations later in this report for reorganisation of the rural economy in the direction of cooperative village management are intended to create condition in which the pursuit of economic equality and social justice will be reconciled with the urgent need for increased production

37 In addition to the public investment policy and legislative measures referred to above the State has to adopt fiscal measures *for promoting* economic equality Progressive taxation redirection of public expenditure and the imposition of death duties are effective devices to be used for the purpose

38 As regards progressive taxation the major problem at any given moment is of balancing the advantage of greater equality against the disadvantages of a likely fall in savings and capital formation in the private sector The rates of direct taxation at present in the highest income ranges are close to the rates prevalent in countries like the U K which have a highly progressive system

of taxation Although disposable incomes left after taxation in these ranges are too high in India relatively to the general level of incomes in the country any material increase in direct taxation is at this stage likely to affect the capital market adversely

39 We should like to stress in this connection the relevance of tax evasion to this problem of using fiscal measures for reducing distributional inequalities It would appear that at present a large number of incomes in the higher income ranges escape the payment of income tax and super tax and there is in these and in other ranges of income an understatement of incomes There is considerable leakage on account of non-declaration of profits made in black markets Stringent measures have to be taken to put a stop to tax evasion and the machinery for assessment and collection of income tax must be strengthened so as to enable it to deal effectively with this problem

40 In determining the appropriate rates of personal taxation the main point for consideration is the extent to which personal savings are to be relied upon hereafter for maintaining capital formation at the desired level In more highly developed countries corporate savings play a far more important role in this respect than private savings A similar trend in this country has to be encouraged The Indian tax system recognises the principle of lower taxation of undistributed profits The needs of the public exchequer are at present paramount and it may be difficult to reduce the taxation of company profits to any significant extent at the present juncture We would suggest nevertheless that Government should examine the position and see if further measures could be adopted to en courage a larger ploughing back of profits There are at present large arrears of depreciation and replacement to be made up by organised industries and it is in their own interest to keep down the rate of dividends to as low a level as possible We would commend to private industry the practice followed in several other countries of adopting for a limited period a voluntary freeze on dividends This would accord with the overall disinflationary policy of Government and would in combination with a policy of preventing the money incomes of labour from rising in the immediate future help materially in keeping down prices

41 A planned economy alters in course of time the role of different classes of the community in providing savings and under taking new investment Redistributive taxation must take this fact into account Adequate information is not at present available about the savings habits and capacities of the different groups of income earners in the country or about the forms of investment

which these different classes prefer Measures must however be taken to encourage small savings which will we expect play an increasingly important role as incomes in the lower ranges increase

42 The problem moreover is not one of merely correcting inequalities of income as they arise but of reducing the inequalities of wealth which are to a large extent at the root of inequalities of income Progressive taxation of incomes can prevent further accentuation of inequalities in the distribution of wealth but it can do little to reduce existing inequalities The device of death duties through which an increasing proportion of accumulated wealth is taken over by the State at each successive transfer constitutes a most effective way of reducing inequalities in wealth and income It takes time to affect the pattern of income in the community in this manner but death duties are a measure whose effects though slow are definite and an early enactment of the necessary legislation is therefore to be strongly recommended

43 The approach to the problem of economic equality and social justice has thus to be on the one hand through positive measures intended to level up incomes and economic status and on *the other through corrective action in respect of glaring inequalities* In the paragraphs above some of the lines of advance towards the goal are indicated The feasibility and scope of other measures that have been suggested from time to time for reduction of inequalities are *being examined*

TECHNIQUE OF PLANNING

44 This brings us to the problem of the techniques of planning A possible approach to the problem is as mentioned earlier through a more or less complete nationalisation of the means of production and an extensive system of governmental controls on the allocation of resources and on the distribution of the national product Judged purely as a technique of planning this may appear a promising line of action But viewed against the background of the objectives outlined above and in the light of practical considerations such an expansion of the public sector is at the present stage neither necessary nor desirable Planning in a democratic set up implies the minimum use of compulsion or coercion for bringing about a realignment of productive forces The resources available to the public sector have at this stage to be utilised for investment along new lines rather than in acquisition of existing productive capacity Public ownership of the means of production may be necessary in certain cases public regulation and control

in certain others The private sector has however to continue to play an important part in production as well as in distribution Planning under present conditions thus means in practice an economy guided and directed by the State and operated partly through direct State action and partly through private initiative and effort

45 In the public sector the responsibility for initiating new enterprises and managing established ones will rest on Government (including State Governments and agencies set up by the Centre and/or by States) In the private sector the initiative and responsibility for the development of new enterprises and for the management of existing enterprises will remain primarily with private entrepreneurs The two sector will not however be water tight compartments There will be numerous points of contact and interaction between the two In certain spheres of activity some units may be run by private enterprise and some by Government Some units again may be worked on the principle of joint participation

46 The respective roles of the State and of private enterprise in the present stage of economic development have been set forth in the Industrial Policy Resolution of April 1948 The broad line of policy in this respect is enunciated in that Resolution in the following terms

> for some time to come the State could contribute more quickly to the increase of national wealth by expanding its present activities wherever it is already operating and by concentrating on new units of production in other fields rather than on acquiring and running existing units Meanwhile private enterprise properly directed and regulated has a valuable role to play

47 The Resolution envisages a segment of the economy (arms and ammunition atomic energy and railways) as being exclusively under Government ownership and control In respect of certain other industries such as coal iron and steel aircraft manufacture etc the State is to be responsible for further expansion to the extent that the State considers it necessary to secur of private enterprise The rest of the industrial ally to be left open to private enterprise individual In addition the Resolution lists 18 industries which to regulation and control by the Central C the right of Government to acquire any ur necessary in the public interest and alo the progress of an industry under private

48 The Industrial Policy Re olution makes no direct reference to the role of the State in the field of trade The governing considera tions must broadly be the same in both cases By and large trade will remain in the private sector subject to regulation and control by the State as in the case of industry There are however special considerations in respect of trade There is a tendency in countries operating on small commodity margins for resources to go into the distribution of goods rather than their production inve tment in trade rather than in industry yields larger and quicker profits Beyond a certain point this tendency will come in the way of development One way of dealing with this problem is to organise trade on co operative lines so as to reduce the profit margins of private traders But it may also be necessary for the State to enter the field and divert to itself the profits that might otherwise have gone into more or less unproductive investment State trading in sp cific lines through corporations specially set up for the purpos may prove a useful corrective to private trade and may in addition help regulate the prices of certain commodities subject to wide fluctuations A beginning in this direction can perhaps be made in the field of export trade

49 In determining the respective spheres of the public and the private sector and the means of keeping the two in tep the crucial test in each case is the po sibility through the arrangement propos ed of securing desired results It must be emphasized however that a planned economy involves increasing coordination between the two ectors Planning implies the acceptance of overall objectives and standards of performance all along the line The private sector functions mainly through price and profit incentives and plans for the private sector are worked out in consultation with the represen tatives of private business and industry The economy is however a single whole For certain purposes it may be viewed in sections but the plans of the public sector and the private ector must on the whole produce a coherent picture

50 The harmonious working of the two sectors will depend to a large extent on decision arrived at by mutual agreement between the representatives of Government busine s and industry and labour An essential element in the Plan will therefore be the creation of suitable machinery for such consultation and collabora tion In the field of organised industry this presents little difficulty For agriculture and small scale production it will be necessary to build up local and regional bodies as well as functional a sociations which can play an effective role in the formulation and implementa tion of the Plan

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51 It will be necessary at the same time to operate a system of controls This will comprise (a) capital issues control (b) licensing of new enterprises and of large extensions of existing ones (c) foreign exchange allocations and import and export controls and (d) price and physical controls These controls are not to be viewed as restraints on private enterprise but as essential instruments for securing the targets defined in the Plan the attainment of which is *ex hypothesi* in the interest of the nation as a whole though it may impinge on some private interests In the planning administration and periodical reviews of these controls the machinery for consultation and co-operation with the private sector will have an effective share

52 The practical functioning of a centrally directed economy as outlined above will continually throw up new and at times difficult problems of adjustment between the public and private sectors In a planned economy private enterprise has to visualise for itself a new role and accept in the larger interest of the country a new code of discipline Private enterprise like any other institution will endure and justify itself only to the extent to which it proves to be an agent for promoting the public good Given a recognition of this fact given in other words a general acceptance of the objectives of the Plan and a readiness on the part of all sections of the community to play their part in the fulfilment of these objectives there need be no difficulty in the way of successful implementation Democratic planning like democracy itself is an adventure it has its risks and uncertainties But if it succeeds it will have provided a clue to some of the most difficult problems in economic and social organisation with which this country along with many others is faced

Price Policy for the Plan

53 For the fulfilment of the objectives defined in the Plan it is necessary to have a price policy which secures an allocation of resources in conformity with these objectives In the private sector decisions are made in the light of prevailing prices and expectations as to their future trend Unless the alignment of prices favours the use of resources along the lines indicated by the targets worked out for this sector there is likelihood of a serious discrepancy between the results expected and the actual achievements A change in price relationships in one line has its repercussions on the distribution of resources in several other lines In the absence therefore of an effective policy aimed at maintaining an appropriate structure of prices planning in respect of the private sector cannot succeed

54 In the public sector the direction of investment is not governed exclusively by the profit and loss calculus it has to take into account wider social considerations So long as the State confines

itself to a narrow sphere of activity the economic aspect of its investment policy may not appear to have any great significance from the point of view of the economy as a whole When however the State assumes responsibility for overall direction of the economy and embarks upon an extensive programme of investment it has to balance carefully the economic costs and benefits involved Even in those cases where the State departs from the strict economic criterion it must as a first approximation attempt a balance between costs and returns Instability of prices would come in the way of such balancing It would thus be as much of a hindrance to a proper allocation of resources in the public sector as to the attainment of targets in the private sector

55 Further where the investments by the State have to be planned in advance over a period of years a reasonable stability of prices and costs has necessarily to be assumed Without such an assumption it is impossible to estimate with any degree of certitude the level of expenditure which the State can undertake on the basis of the resources available A change in prices does not mean merely a mechanical revision of the financial estimates included in the Plan it changes the very perspective of the Plan

56 The fact that the Plan is to come into operation at a time when prices are already at a high level and the structural factors in the economy make it particularly susceptible to inflationary stimuli underlines the need for a positive price policy The index of wholesale prices is now over 450 as compared to 260 at the end of the war The rise in prices since August 1947 has been of the order of 50 per cent since the Korean War it has been about 16 per cent A high level of public expenditure activation of latent inflation and failure of production to rise significantly have been mainly responsible for the persistent upward trend in prices The non availability of imports in adequate quantities and of late a sharp rise in prices abroad have also contributed to this situation While controls and other measures adopted by Government from time to time have acted as checks the price situation has on the whole continued to deteriorate

57 The rise in the general level of prices has been accompanied by large changes in the structure of relative prices Although the prices of foodgrains are at record levels the prices of raw materials have risen even more sharply especially since the Korean War The resulting structure of relative prices exerts an upward pressure on costs of living and on production costs all round If these in turn are allowed to rise the effect would be to set up a further round of price increases

58 In the light of the above the objective of price policy for the next few years should be firstly to prevent a further rise in prices and to the extent possible to bring them down and secondly to maintain the parities between sectional prices such as those of food grains and raw material so as to provide the right measure of incentive for producers in these lines

59 The main ingredients of a programme of holding and in due course of reducing the general price level in check are

(i) A disinflationary fiscal policy

(ii) An export and import policy designed to make full use of the sterling balance releases available

(iii) A monetary policy which acts as a brake on speculative investment and encourages a larger flow of savings on to the market and

(iv) Increase in output by way for instance of longer hours of work or through greater technical efficiency

60 It is important however to recognise that under present conditions it may be difficult for Government to follow a strong disinflationary fiscal policy at the same time as it embarks on a large scale development programme For while the resources it can raise consistently with the objective of maintaining a certain level of investment in the private sector are limited the minimum investment expenditure necessary to promote long term stability in the economy is fairly high Land which has been starved for many years has to be irrigated and manured the lag in replacement of machinery and other capital equipment must be made up and provision has to be made for widening the capital base of the economy on which its production can expand All the expenditure under these heads may not show immediate results and to that extent inflationary pressure in the economy will be accentuated If foreign aid is available on an adequate scale to supplement whatever domestic resources are available this would be of great value in keeping down inflationary pressures Should such aid be not available to the required extent the choice before the community would lie between a reduction in present levels of consumption and a reduction in the scale of investment The consequence of the latter course may well be a steady contraction in productive capacity and therefore a corresponding or greater reduction in the resources that the community can in the future utilise for development Even if this course is favourable to a moderation of inflationary pressures in the immediate future it is hardly conducive to long run stability either of prices or of the economy as whole In other words an undeveloped country after a long period of disturbance and dislocation may arrive at a stage

where a choice has to be made between relieving immediate tensions and avoiding what may turn out to be a more serious situation in the future Under these conditions while it is important to avoid a scale of investment expenditure which would aggravate existing tensions and thus possibly jeopardise the attainment of long term stability *it may not be feasible to reduce it to a level at which a dis*inflationary fiscal policy can be effectively pursued A disinflationary fiscal policy must nevertheless remain an essential objective

61 An economy faced with persistent shortages needs a large import surplus It would be desirable therefore to aim at utilising to the full extent the releases from sterling balances An improvement in export earnings should immediately be followed by relaxation of restrictions on private imports especially of commodities which enter directly into the cost of production or cost of living Imports on government account have also to be planned on similar considerations There are however some practical limitations to this policy The prices obtainable for exports depend on world factors and may therefore be subject to large variations Imports may not be available in required measure especially in respect of commodities like foodgrains which would be most effective in holding prices there is at present a world shortage of raw materials Rearmament in the major exporting countries may raise the prices of such imports as we can secure If foreign aid is available for financing development expenditure the sterling balances could be used for importing consumption goods and so to bring down domestic prices On the other hand if sterling balances have to be used for financing the purchase of capital goods and equipment this would reduce the impact of a high level of investment expenditure but would not contribute positively to a reduction in prices in the immediate future

62 Similar and essentially technical considerations govern the use of monetary policy for control and reversal of inflationary trends The objective is on the one hand to encourage savings and on the other to discourage socially undesirable or economically less urgent investment Monetary policy is however an instrument to be skilfully used There is at present a serious shortage of working capital and tighter credit may react adversely on the legitimate needs of industry and trade The credit policy of the central bank affects directly the capital market and is linked up with the fiscal operations of Government The fact that the Indian money market has an unorganised segment not fully amenable to central control has also to be taken into account Nevertheless monetary policy has an effective part to play in the control of inflation There is also the wider problem of credit policy being adapted to the requirements of the Plan From both these points of view effective control of the credit structure by the Reserve Bank is of crucial importance The

Reserve Bank has sufficient powers under the new Banking Companies Act to regulate and supervise the credit policy of banks These powers and the prestige which the Bank commands will have to be used increasingly to prevent bank credit from flowing into speculative channels The problem at the present time is not one of restraining investment as such in order to reduce prices a high level of investment in the public as well as in the private sector is in fact an essential feature of the Plan What is needed is on the one hand a curb on excessive investment in speculative trade and on the other measures designed to increase the volume of savings available for productive investment

63 The essence of an over all price policy for the immediate future is thus a coordinated movement along the lines indicated above If international tensions abate in the near future inflationary pressures all the world over will recede This will be of benefit to the Indian economy The large purchases of food by Government this year and the food loan from the U S A will help reduce materially the food shortage in the country and with a reasonably favourable monsoon a general improvement in food situation may well be expected Nevertheless inflationary pressures will continue to operate in the economy and it will be necessary to maintain and improve upon the existing system of controls for an effective check on the general level of prices and also in order to maintain a balance between sectional price levels

CONTROLS

64 Reference has been made above to some of the controls which economic planning necessitates A Plan has by definition certain objectives and in order that these are realised it proposes certain targets of production and consumption The determination of the volume and direction of investment the regulation of foreign trade the conservation of foreign exchange and measures to safeguard the standards of consumption of certain sections of the community are all integral and interrelated parts of a Plan For planning a system of controls covering these aspects is necessary In an economy in which the allocation of resources is not within the direct control of the State the defined targets cannot be attained without the help of a coordinated system of controls

65 The desirability of control has often been questioned mainly because most of the controls operating at present were imposed during the war admittedly on a temporary basis It is not always realised that in the post war years the Indian economy has been

subjected to further strain and has not been able to settle down to a new and more satisfactory position of equilibrium So long as this situation continues and until the availability of goods comes up to a level better adjusted to the volume of purchasing power in the hands of the community controls cannot be dispensed with The conditions for a smooth functioning of an unregulated economy do not exist at present and the social responsibilities which fall upon a modern State just cannot be discharged without the aid of controls The need for certain controls such as import control or of foreign exchange control has rarely been questioned even by those who advocate decontrol It is mainly in respect of the control on foodgrains prices and on prices of commercial crops that questions arise from time to time either as to their desirability or to their coverage It is possible in formulating an approach to this problem to be misled by the volume of opinion against controls An analysis of this opinion will reveal that different sections of the community are opposed to different controls mainly from a limited point of view The lay citizen cannot always visualise the consequences of relaxation or abandonment of one particular control on the system of controls as such and is not therefore in a position to view the problem in an overall perspective The adverse repercussions of decontrol in 1947-48 warrant caution in the adoption of measures of partial or complete decontrol in future The fact that in the black market prices have continued to be much higher than controlled prices and that nevertheless consumers have had to make considerable purchases at these prices are indicative of a significant disequilibrium between demand and supply A substantial reduction in black market prices and the availability of ample supplies at controlled prices are essential pre requisites to any consideration of decontrol If prices are to be stabilised even below the level of controlled price the increase in supplies necessary would be of a still larger order

66 A basic requirement of price policy is effective regulation of foodgrains prices This however is not possible unless the prices of competing crops are regulated In the absence of such regulation there will be a natural tendency to substitute non food crops for food crops So long as the producer of non food crop can get prices which are relatively higher than those obtained by the producer of food crops the production and procurement of these latter will tend to be handicapped and it will be difficult for Government to justify such partial control either on economic or on social grounds Similarly if the producer of foodgrains is to be expected to part with his surplus at a reasonable price in order that Government is able to meet its obligation to feed the rest of the population at reasonable prices he has a right in return to expect that the essential articles of consumption tools and implements that he buys from the market will be available to him at reasonable prices

67 The first step towards a more effective curb on prices is at the present juncture to prevent the prices of commercial crops like jute cotton and oilseeds from going up The essential principle to be applied in this sphere is that given the objectives of the Plan and the targets for the production of food and variou essential raw materials the prices of these articles should broadly be such that their relative profitability is more or less the same In the absence of precise information on costs of production it may be difficult to administer controls on the basis of this principle It is clear however that large disparities in these prices would militate against the planned distribution of resources as between these commodities and create conditions for a further rise in costs of production and costs of living and such disparities must be reduced

68 Certain considerations governing the operation of individual controls may perhaps be mentioned here In this sphere there is a real danger of excessive pre occupation with particular aspects of the problem to the detriment of its generally more vital implications For instance it might appear that if an increase in production in a given line is to be obtained an incentive by way of a higher price ought to be offered Under present conditions when an increase in production in almost all lines eems desirable this way of looking at the problem is hardly appropriate An incentive offered in one line soon raises costs in other lines and tends to create demands for similar increases in prices elsewhere It is obvious that uccessive doses of price incentives in one line after another defeat the very purpose of these incentives and undermine the tability of the economy

69 It is sometimes argued that where an increase in domestic production is necessary and higher prices have in any case to be paid for imported supplies of a commodity the domestic producer hould legitimately be given the benefit of higher prices This argument again rests on an inadequate foundation Domestic production in any line is a function of relative profitability as compared to the alternatives open to the producer So long as the current price gives him some relative advantage he has an incentive to produce more Any rise in profits beyond this point would be in the nature of a windfall It would increase money incomes and add to the strength of inflationary forces Great caution is therefore necessary in conceding demands for price increases Thus for an increase in food production to materialise the proper approach would be through a reduction in the prices of competing crops rather than an increase in food price For it is only along these lines that the cost structure can be readjusted in the downward direction and the targets in the agricultural sector realised

70 While planning does not mean either a complete insulation of the economy from trends abroad or a complete control over all spheres of economic activity it does imply a price policy which will enable the fulfilment of the targets laid down and at the same time maintain a certain balance between the various classes of the community To this end it is necessary to reduce as far as possible the impact of foreign prices on the domestic level of incomes and distribution of resources Already export duties are being levied as part of the general anti inflationary policy but under rapidly changing international conditions there is need for constant adjustments in coverage and rates of levy If the proceeds of export duties which are in the nature of a windfall are used to subsidise the imports of essential commodities it would be possible to protect the domestic price and cost structure more effectively

71 The working of individual controls and the lines along which they need to be improved upon is a matter for continuous review and adjustment in the light of changing conditions The organisation of the control in each case has to be adjusted to the structure of the industry or trade concerned and there is scope here for a variety of arrangements with due regard to the circumstances of each case The point to stress here is that each control has to be viewed as part of a system and it must be operated so as to contribute effectively to the fulfilment of the two-fold aim behind the system viz the containment of inflationary pressures and the maintenance of relative prices at a level designed to secure the achievement of the targets defined in the Plan

72 In defining the production and other targets in the Plan it would of course be necessary to take into account the structure of relative prices that has already evolved and the extent to which under given conditions it can be altered through controls But once the targets have been fixed it is necessary to see that price and other incentives operate so as to facilitate their achievement For creating these conditions controls are a necessary instrument with a positive function The maintenance of appropriate parities between prices of foodgrains and of raw materials or between agricultural prices in general and prices of manufactured products necessitates controls carefully devised and reviewed from time to time in the light of changing domestic and international conditions affecting prices While the Plan itself has to be adjusted to some of these there must be within the economy devices which would safeguard to the extent possible the uninterrupted working out of the Plan Controls have thus a bearing on the general level of prices as also on the structure of relative prices Their successful operation depends on careful and unbiased assessment of all the relevant facts and we are inclined

to think that a price advisory council consisting of technical experts should be of great assistance in formulating appropriate policy in the sphere of prices and of controls

73 The successful working of these controls depends on the measure of public support and co-operation which the authorities receive The public has to be educated into the positive role of controls in a planned economy the administration of controls has to be improved by placing them in charge of some of the best officers available to Government distribution of controlled articles should as far as possible be arranged through institutions co-operative and others and steps should be taken to stamp out anti social activities which circumvent and defeat the purpose of controls

The Approach to Planning

74 We have indicated in the paragraphs above the considerations which have been borne in mind in framing the first Five Year Plan The main features of the Plan are presented in outline in Part II The Plan we believe represents the right measure and direction of effort which the community can and should undertake not merely to ease the existing strains in the economy but also to lay the foundation for economic development in the future on sound democratic lines

PART II

THE FIVE YEAR PLAN

THE Five Year Plan for the period 1951 52 to 1955 56 aims at completing the various projects which are now in progress and providing for the further development of the economy on a planned basis with the available resources In the past few years considerable progress has been made in the execution of individual schemes but they have often failed to produce the best results for the country as a whole for lack of co-ordination and balance In some cases schemes started have had to be dropped and in others progress has had to be slowed down There has also been inadequate attention to the need for combining long term development with the satisfaction of immediate requirements The lack of balance in the post war development programmes which has prevented them from making their full contribution to the rehabilitation of the economy cannot be corrected at once in all cases Schemes in progress must be completed even if they do not always conform to the pattern of expenditure we have in view a certain phasing of outlay on these schemes has to be accepted for technical reasons even though it would involve a rate of development in the initial stages of the Five Year Plan which may be in excess of the available resources in that period The introduction of an optimum rate and pattern of development will take some time The Five Year Plan must therefore be regarded as a beginning in the direction of balanced and coordinated development

2 The line followed in the preparation of the Plan is indicated in the communication addressed to State Governments last year by the Planning Commission

> At the present time the outlook for resources is not encouraging This very factor emphasises the need for careful husbanding of resources for augmenting them as far as may be possible and for careful selection of projects to be undertaken by the Central and the States Governments It will be appreciated that for financing the bulk of their development programme states have to rely on their own resources and it is only in respect of important schemes which are calculated to increase production directly and substantially that assistance from the Central Government or other resources e g foreign aid may be possible

In these circumstances in the first five year plan apart from existing commitments of an essential or inescapable character priority has to be accorded to schemes which will develop material and technical resources and will in particular increase the production of food and raw materials in a relatively short period over other schemes which though valuable in themselves require a much longer period to bear fruit or call for a range of expenditure which exceeds the present capacity of the Governments concerned If the available resources (financial technical and administrative) are concentrated on a limited number of essential schemes and only so much is attempted as it is reasonably possible to achieve the gain to the economy may be expected to be much greater than if a wide range of problems are attacked simultaneously without deploying sufficient resources at each point

3 The Plan has been formulated after detailed discussions with Central and State Governments and private industries In each case an assessment was made of the proposed plans and of the resources available for their implementation The problem of the rate and pattern of development has been viewed from the standpoint of the country as a whole with due emphasis on the need to meet the short term problems of readjustment and rehabilitation in the economy and on considerations of regional balance and sustained progress

MAGNITUDE OF THE PLAN

4 The Five Year Plan covers an outlay of Rs 1793 crores on development initiated in the public sector It is presented here in two parts The first part involving an expenditure of Rs 1493 crores represents the outlay on development which seems manageable with the resources now in sight It takes into account the resources that can be raised internally through taxation and borrowing external assistance which has already been offered to India and which is likely to be available in this period for financing the Plan and the possibility of being compelled to resort to deficit financing to the extent of about Rs 290 crores if no further foreign assistance is forthcoming This part of the Plan which comprises largely of schemes in progress has to be implemented in any case Deficit financing of the order of Rs 290 crores if it has to be incurred would mean that the economy will have to function under considerable strain in the next few years and it may prove difficult for the time being to effect any

ubstantial reduction in prices However to the extent that sterling balances can be utilised to supplement domestic resources this strain will be diminished The problem here is one of choosing between relieving immediate tensions and avoiding what may turn out to be a more serious situation in the future This is a difficult decision but on a consideration of all aspects of the problem we recommend that the choice be made in favour of development The assumption made in formulating the first part of the Plan therefore is taht if faced with the choice between the continuance of the existing difficulties for some time and the abandonment of the rate of development implicit in an outlay of Rs 1 493 crores the country will choose the former

5 The implementation of the first part of the Plan will barely restore the pre war availability of essential consumer goods by the end of 1955 56 To attain a somewhat higher rate of progress the rate of investment will have to be stepped up A lasting solution of the food problem for instance will require doubling the irrigated area within the next fifteen years Without an increase in the rate of investment particularly after the first two years of the Plan it would also be difficult to ensure a balanced and sustained utilisation of the technical organisation built up in connection with the various projects included in the first part The second part of the Plan involving an expenditure of about Rs 300 crores has been drawn up with these objects in view The cale of investment expenditure envisaged under it is based on the assumption that the necessary foreign assistance will be forthcoming The first and second parts together represent in our view an order of outlay necessary not only for achieving greater progress in the period of the Plan but for holding out promise of a pace of development that would inspire the country to greater and more sustained effort

6 The distribution of the expenditure of Rs 1 493 crores envisaged in the first part of the Plan is presented in Appendix I in some detail The contents of the second part of the Plan are now being worked out and will be presented in the full report of the Commission In this part further provision will be made for railways (to the extent of about Rs 100 crores) as well as for schemes which are technically sound but have had to be excluded from the first part

Development Expenditure in the Private Sector

7 The Five Year Plan relates as mentioned above to development initiated in the public sector The outlay of Rs 1 493 crores however would cover also assistance to private agencies in the field

of agriculture transport cottage and small scale industries and certain large scale industries Such assistance would represent over one eighth of the total expenditure

8 It has not been possible with the data at our disposal to estimate the aggregate resources likely to be available for development in the private sector of the economy in the period of the Plan These would depend on the total savings of the community available for productive investment Without adequate knowledge of the resources likely to be available in the private sector an allocation as between the different categories of enterprise in this sector can have little significance For agriculture the targets have been worked out in consultation with States The attainment of these targets will depend to a considerable extent on the effectiveness of the administrative machinery to be set up to assist in the implementation of the Plan and also on the maintenance of an appropriate structure of prices Large scale industries form another major section of the private sector These industries have to play an important part in future development and although the availability of resource and the fulfilment of targets in respect of them are in general subject to considerations similar to those which apply to agriculture it is possible to assess the needs and resources of this class of enterprise with somewhat greater accuracy than is possible at this stage for agriculture

9 The plan for large scale industries in the private sector are based upon the estimates worked out in consultation with the representative of the industries concerned These plans do not have the same degree of definiteness as the Plan for the public sector Nevertheless an attempt has been made to estimate approximately the resources likely to be available for large scale industry in the private sector and the lines of expansion visualised take into account the rate and pattern of development expenditure in the public sector provided for in the Five Year Plan It is estimated that large scale industries in the private sector are likely to require approximately Rs 250 300 crores in this period for financing the schemes of expansion indicated by us and for making up the arrears in replacement of machinery in the last decade

10 The development of large scale industries in the private sector is intended to be complementary to the development of the rest of the economy directly initiated by the State The one is therefore as necessary as the other for achieving the objectives in view

PATTERN OF OUTLAY IN THE PUBLIC SECTOR

11 The dıstrıbutıon of the outlay of Rs 1 493 crores ın the first part of the Fıve Year Plan reflects broadly the prıorıtıes ın development that have been kept ın vıew ın framıng the Plan

	Outlay durın 1951 56 (R cr es)	Pe c ntag of total tlay d ıng 1951 56
Agrıculture and R ral De el pm nt	191 69	1 8
Irrıgatıon and P er	450 36	30 2
Tra port and Communıcatı ns	388 12	6 1
Ind stry	100 99	6 7
S cıal Serv s	254	17 0
Rehab lıtatıon	79 00	5 3
M scell n us	28 54	1 9
	1,49 9	100 0

The dıstrıbutıon ın the second part will also ın the maın conform to thıs scheme

12 The prımary aım of the Plan ı to ımprove agrıcultural production In a predomınantly agrıcultural economy the tempo of development wıll depend ın the ınıtıal stages largely on the volume of agrıcultural productıon and the surpluses that are avaılable from ıt In Indıa besıdes the stagnatıon whıch has been evident ın the agrıcultural sector the ımpact of Partıtıon has also fallen heavıest on thıs sector The Plan therefore seeks to meet the more glarıng defi cıencıes ın regard to agrıcultural productıon and thereby to secure a better balance ın the economy

13 The development of agrıculture however requıres progress ın a number of ınter related spheres ırrıgatıon facılıtıes must be expanded fertılısers must become avaılable on a large scale provı sıon must be made for brıngıng to the farmer the technıcal know ledge and equıpment necessary for ımprovıng agrıcultural effıcıency and facılıtıes gıven for developıng alternatıve employment oppor tunıtıes ın rural areas These have been gıven the topmost prıorıty ın the Plan

14 In a country of Indıa s sıze the development of transport and communıcatıons ıs of vıtal ımportance On ıt depends to a great extent a more effectıve utılısatıon of avaılable resources and the necessary stımulus to further economıc expansıon The amount set apart for transport and communıcatıons ıs (ıncludıng the provısıon

to be made for railways in the second part of the Plan) over twenty five per cent of the total planned outlay three fourths of this being on railway which have pecial needs to be met

15 Since industrial development is mainly the re ponsibility of the private ector and since Governments in the country have other chemes of basic development in hand expenditure on industries in the public sector i relatively small About a third of this ex penditure is in the form of assistance to private agencies (for steel expansion ship building newsprint small cale industries etc) the rest represents expenditure on State owned enterprises like fer tilisers and machine tools The main function of the State in this sphere mu t for the time being to create conditions suitable for in dustrial expansion There is a large provision in the Plan for the development of power (which will help large scale as well as small s ale and cottage industries) and to expanding the availability of raw material from domestic source In particular lines as in the ca e of mineral development the Plan provides for new railway facilitie which will assist in the production and distribution of the products For the expan ion of cottage industries the Plan makes provision for improved facilitie in respect of technical training and guidance marketing credit etc

16 In regard to social ervices there has been a fairly rapid ex pan ion in the last quinquennium though the progress made so far is very inadequate in relation to need In view of the limited re sources available for development the Plan seeks in the main to con olidate the development initiated during the last five years complete the schemes in hand and to provide for only a modes measure of expan ion The highe t priority is however given to the rehabilitation of persons di placed by the Partition Special provi ion is also made for the amelioration of backward clas es and for in dustrial housing as the e represent cases which need early atten tion Th provision made in the Plan fo rehabilitation i exclusive of expenditure on relief to displaced person

SHARE OF CENTRAL AND STATE GOVERNMENTS

1 The expenditure of Rs 1 493 crore in the first part of the Five Year Plan is div ded almo t equally between the Central and State Government the share of the former being about Rs 734 crores and of the latter about Rs 759 crore

(R p es cr)

	1951 53	1951 56
Central Go rnm t	315 89	734 00
Part A St t	49 61	59 63
Part B Stat	9	71 00
P rt C Stat	1 7	28 30
T tal	655 3	149 98

The expenditure on the Bhakra Nangal Damodar Valley Hirakud and Harike schemes (Rs 176 crores) and a large portion of the ex penditure on refugee rehabilitation will in fact form part of the outlay of State Governments and hould therefore really figure in the State sector These items have been shown here as part of the Cen tral Government s plan for two reasons the Centre has some definite commitments in resp ct of these and moreover it is difficult at this stage to foresee the likely distribution of the loans from the Centre or these purposes as between the various States concerned and from year to year If allowance is made for the expenditure under these heads the share of the States will amount to about Rs 9,5 crores

18 Broadly speaking the distribution of responsibility for development between the Centre and the States is based on the premise that the States would concentrate on agricultural and rural development social services and the expan ion of transport and communications falling within their juri diction The States would receive financial assistance from the Centre the magnitude of such assistance depending on the resources which the Centre can spare as well as on the priorities laid down for the country as a whole For the development expenditure of the States in the first part of the Plan it is estimated that about Rs 211 crores will be made avail ble by the Centre in the form of loans and grants (in addition to assistance for the four major irrigation and power chemes mention ed above and for refugee rehabilitation)

STATE PLANS

19 The following table shows the distribution as between the States of the development expenditure of Rs 759 crores to be under

taken by them in the first part of the Plan

(Rupees Cror s)

Part A Stat s		P rt B Stat		Part C State	
A s m	12 5	Hyder b d	40 5	Ajm r	1 61
Bih	55 7	M dhya Bh r t	8	Bh pal	3 67
Bomb y	1 0 4	My or	36 6	B l pu	0 42
Madhy Prad sh	43 7	Pep u	8 3	Co g	0 53
M d as	137 0	R jasth n	15 2	D lh	6 02
O is	15 0	S urashtra	1 5	Him h l P ade h	4 48
Pu jab	15 5	T a co Co h	6 1	Kutch	68
Utt Prad h	91 1			M nipu	1 00
W t Be l	68 8			T pu	1 50
				Vindhya Pradesh	6 39
	559 6		171 0		28 30

Further details of State plans are given in Appendix II

20 The main considerations which have governed this distribution have been the current level of development expenditure the relative urgency of the chemes proposed and the resources that the States could raise themselves It has also been influenced to some extent by the need to complete projects already in hand In allo cating financial aid from the Centre for the various State plans care has been taken to meet as far a possible the requirements of the more backward areas In allocating Central assistance to Part B States their special needs for bringing up the level of administra tion and ocial services to that of Part A States have been kept in mind

21 The dimensions of the State plans do not by themselves give an adequate picture of the regional distribution of the outlay in the Five Year Plan Account must also be taken of the development expenditure covered in the plans of the Central Government parti cularly in respect of irrigation and power projects and rehabilitation of displaced persons States like Punjab West Bengal Bihar Orissa Rajasthan and Pepsu will thus receive a greater share of the develop- ment expenditure in the Plan than would appear from the above table

Regional Development

22 A connection of regional dispart development must necessarily be a gradual process It has to start by laying the foun dation for development in areas where potential resources for ex pansion exist but have not been exploited This would mean in most cases large scale extension of irrigation facilities for agricul tural development and adequate provision of powe and transport

facilities for industrial expansion In the first part of the Five Year Plan the limitation of resources and the need to complete projects already in hand have left little scope for initiating new schemes for the specific purpose of correcting regional disparities

23 From the distribution of the outlay envisaged it is however possible to see the pattern of development which will emerge as a result of the implementation of the Plan The three major multi purpose river valley projects—Damodar Valley Bhakra Nangal and Hirakud—are situated in areas of North East and North West India which have considerable resources in the form of manpower and raw materials They are likely to become centres of future development Besides these projects there are a number of important irrigation and power schemes distributed over the country While some of them like the Mayurakshi project in West Bengal and the Harike Scheme in Punjab supplement river valley schemes in these areas others cover the southern part of the Peninsula Madras in particular has a number of major irrigation and power projects In areas which are not favourably situated for major irrigation projects or where the necessary investigations have not been carried out provision has been made on a large scale for minor irrigation schemes such as tanks wells canals and where possible tube wells In Assam the emphasis is on drainage projects intended for flood control

24 In laying out the stages of execution preference will be given in this five year period to irrigation rather than power In particular areas like Madras Mysore and Travancore Cochin however the expansion of power would absorb more resources than extension of irrigation facilities In Madras and Bihar power will be used for extensive electrification of rural areas Where power in excess of local needs is likely to develop provision ha been made for extension of transmission lines

25 As mentioned earlier the outlay on indu tries in the Five Year Plan is relatively small but within the limits set by this provision the development envisaged will to some extent benefit less developed areas in the country The completion of the newsprint factory in Madhya Pradesh and the establishment of the Rare Earths Factory in Travancore Cochin for the exploitation of monazite sand and other deposits are cases in point On the West Coast the development of Kutch will be stimulated by increased commercial activity resulting from the completion of the Kandla Port and from the railway link connecting this port with the industrial regions in North Bombay

is hoped that the programme for agriculture which is to be implemented through the machinery proposed later in this report will make it possible to achieve the following increases

(F g es n)

F d~r in (t)	7 200
J t (400 lb b l)	06
C tto (39 lb b l)	co
O ls (t)	375
S ga G t)	69)

30 These increases will help to reduce considerably the dependence on foreign sources The increase in output envisaged in the Plan together with three million tons of imports will make it possible to raise the level of consumption to about 14 50 ounces per adult per day by 1955 56 after allowing for the increase in population The improvement in respect of raw materials is expected to be very much better In the case of cotton the demands of Indian mills for domestic varieties will be met in full and it will be necessary to import only about 7 lakh bales of foreign varieties which cannot be grown in the country As regards jute the imports necessary for he normal working of the jute industry will be reduced from about 33 lakh bales to about 1? lakh bales part of the reduced deficit may be met through higher production of mestas which can be used for producing the coarser varieties of jute textiles In sugarcane and oilseeds the increased output will make possible an expansion in the output of sugar and oils *which can either be used for increasing* domestic consumption or for export

TARGETS IN THE INDUSTRIAL SECTOR

31 In the industrial sector of the economy the emphasis for the short term is on raising the output of existing industries to their installed capacities With increased output of cotton the cotton textile industry will be in a position to produce 4500 million yards of cloth and the handloom industry another 1900 million yards this level of production will raise *per capita* consumption of cloth from about 13 4 yards in 1949 50 to about 15 yard in 1955 56 *(the pre war consumption averaged 15 to 16 yards)* after allowing for exports of about 600 ‹00 million yards The sugar industry will also be able to work at full capacity and thus help to raise *per capita* consumption of sugar from about 6 3 lbs in 1949 50 to about 8 3 lbs by 1955 56 the increased output of sugarcane will in fact be large enough to allow for a simultaneous expansion in the consumption of gur and khandsari from about 22 8 lbs to about

24 4 lbs With the increased availability of raw jute the output of the jute industry can be stepped up by about one fourth over the present level.

32 In the case of large scale industries increases in production in respect of the following essential commodities are also expected to materialise

	1950 51 (Actual)	1955 56 (Targets)
Steel (000 tons)*	10 05	13 15
Cement	6 13	46,00
Aluminium (000 ton)	36	2 00
Paper and Paper Board (000 ton)	1 09	1 65
Newsprint (000 ton)		4
Salt (000 ton)	6,..	30 75

33 The increase in the production of basic commodities like steel cement and aluminium will not substantially assist us in stepping up the rate of development in the period of this Plan but these increases together with the expansion of one million kilowatts in the output of power which will have been achieved by 1955-56 (representing an increase of about two thirds over the present level) will strengthen the basis on which more rapid industrial development can be envisaged in subsequent years

TRANSPORT AND COMMUNICATIONS

34 Under transport and communications the largest outlay is on railways The plan for railways is primarily one for rehabilitation The railways have a great leeway to make up They emerged from the depression of the thirties with considerable arrears in maintenance and replacement expenditure In the first phase of the War they were called upon to release locomotives wagons and track materials for the Middle East Later when the emphasis shifted to the Far East and India became an important base in the war with Japan the transport system was strained almost to the breaking point Moreover railway workshops were diverted to the manufacture of ammunitions With restricted imports of plant and

Th outlay of Rs 00 crores n rail ays n th first p rt f th Plan i add tional t the t mated expend ture f th Rs 150 crores to co er d preciat on of assets in the period f the Plan

machinery from abroad and with internal facilities for rehabilitation appreciably reduced by the mobilisation and intensive utilisation of workshop equipment in the War effort the arrears in maintenance and renewals accumulated still more The Partition of the country placed further strain on the railways In the last few years some progress has been made in overtaking the backlogs of maintenance and replacement but the position is still far from satisfactory The Plan does not therefore aim at a major expansion in the net work of ail ways the main purpose of the first part of the Plan is to make up for the arrears that have accumulated over the last decade and to rehabilitate the system In the second part of the Plan it will be possible to provide for some new schemes especially those which bear on the development of mineral resources

35 The outlay on roads is intended mainly to fill the gaps in the present system of National highways and for maintaining the present rate of development of State highways

36 In shipping the first part of the Plan envisages an increase in tonnage of 70 per cent over the present level Provision is also made for improving the ship yard at Vizagapatam which would go to strengthen the mercantile marine Further expansion of shipping i provided for in the second part of the Plan

37 State assistance for the development of civil aviation and ex pansion of telephone facilities (including manufacture of telephone equipment) are also significant features of the development contem plated in the sphere of transport and communications

Rehabilitation of Displaced Persons

38 It is hoped that considering the present dimensions of the re habilitation problem the task of providing shelter and gainful em ployment to displaced persons can be substantially completed by the end of 1953 54 With the outlay of Rs 67 crores in the last three and a half years (excluding expenditure on relief) considerable pro gress has been made in the rehabilitation of displaced persons from West Pakistan and the problems of displaced persons from East Pakistan have also been receiving urgent attention In the next phase for which there is a provision of Rs 79 crores in the Plan at tention will be concentrated mainly on rehabilitation of persons displaced from East Pakistan and of those from West Pakistan till remaining to be settled in urban areas The Plan treats rehabilita tion as an integral part of development in the next few years

Housing

39 The provision of Rs 13 5 crores for housing by the Central Government is part of a scheme outlined later in this report for raising additional resources for construction of houses in industrial centres The total outlay on housing in this period is thus estimated at over Rs 50 crores which would suffice for a construction programme of 1 25 000 houses for low income groups in urban areas

Assessment of Results

40 The implementation of the Plan will restore a certain measure of stability and balance to the economy The shortages in supply of food and raw materials which are now serious obstacles in the way of the smooth functioning of the system will be considerably reduced The country s balance of payments position will be strengthened Improvement in this resp ct will help to liberali e trade relati ns with foreign countries and to supplement internal production ith mports from abroad whenever nece sary If there is no eriou deterioration in the terms of trade this may enable the country to attain pre war standards of consumption in regard to the bas c essentials of life

41 The standard of living of a community cannot of course be judged entirely in term of food and clothing With increasing incomes there ari es a continuous differentiation of wants which results in more diversified consumption This may take the form of a more varied diet better quality of clothing and increase in ancillary equirements like bicycles furniture shoes travel radios etc Such diversification of consumption has been taking place in the last two or three decades But its contribution to standards of living cannot at present be assessed in quantitative terms It must be as umed that with the larger incomes created by the outlay on development in the Plan this process will continue and add in various ways to the welfare of the community

42 More rapid progre s in consumption standards in the near future would be possible only by reducing the outlay in the Plan on production of non [illegible] on [illegible] projects But
he planned increases in the o[illegible] el c[illegible] [illegible]ium and
pow er—to mention only a few [illegible] rate [illegible] n irrigated
area envisaged are themselve [illegible] mh [illegible] e indeed
vital to development [illegible] age [illegible] herefore
represents an attemp[illegible] the
limited re ources ava[illegible]

demands of a quicker rise in standards of living in the short run and of steady progress over a longer period

SOURCES OF FINANCE FOR THE PUBLIC AND PRIVATE SECTORS

43 The estimate of the resources available for the Five Year Plan of Rs 1 793 crores which relates only to development expenditure initiated in the public sector has been made on the following as sumptions —

(a) the Central Government will try to maintain a surplus of Rs ?6 crores per annum in its revenue account i e at the level budgeted for 1951 52

(b) additional resources of the order of Rs 213 crores will become available to the States over the five years through higher income from land estate duties wider coverage and better administration of sales tax better ment levies and water rates certain minor taxes on entertainment motor vehicles etc economies in ex penditure and through local loans for local projects which do not encroach on the normal sources of funds for the capital market †

(c) long term borrowing from the public will yield Rs 115 crores to the Central and State Governments together during the period and small savings and unfunded debt will contribute another Rs 250 crores to the resource of the Centre

(d) expenditure of a non developmental nature (such as defence administration etc) will not rise significantly and economies will be effected in them wherever possible

44 On these assumptions the Central and State Governments together are likely to find resources of the order of Rs 1 121 crores to finance the Plan The details of this estimate are given in Appen dix III The estimates are based on the present allocation of re ources as between the Central and State Governments and while the total resources available to the public sector will remain un affected their distribution is likely to undergo some changes as a result of the recommendations of the Finance Commission

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Of th t estim t d th t bout R 13 cr re ill go t co th d ficit th t w ld be curred t th pre t l l f dev l pm t e p dit f th Stat Go m ts n ccount

†Th d tail f measures t be d pted f rai ing Rs 40 cro f th R 3 cr ha y t t be amined n consultati n w th th State Go ernm ts

45 This leaves a balance of Rs 672 crores to be covered from other sources The U S Food Loan recently extended to India and the aid offered by Canada and Australia under the Colombo Plan may provide a part of the finance required to fill the gap It is reckoned that further foreign assistance will become available in the course of the five year period The implementation of the schemes in the second part of the Plan will have to be phased with due regard to the availability of foreign aid and in a manner that will not add to inflationary pressures in the economy

46 As for large scale industries in the private sector the estimated outlay is about Rs 250 300 crores Of this the schemes of expansion would require about Rs 125 crores The present rate of new capital issues is of the order of Rs 15 crores per annum a moderate improvement in this rate together with assistance from the State of about Rs 25 crores (for which provision has been made in the Five Year Plan) and from specialised institutions like the Industrial Finance Corporation will help to cover this expenditure For the arrears in replacements which account for the remaining Rs 125 175 crores private industries will receive some relief from the refunds of the Excess Profits Tax (estimated at about Rs 60 crores) a part of which can be used for this purpose They can also draw upon their accumulated reserves to the extent that they are not locked up elsewhere The rest of the finance required will have to be found through rationalisation and other measures for reducing costs which will be assisted by the greater availability of domestic raw materials expected as a result of the Plan In this connection the scope for encouraging through fiscal and other measures the practice of ploughing back profits for replacement and other capital expenditure needs to be examined by the Government

47 It will be seen from the above that the outlay required for the Five Year Plan in the public sector and for the plans of large scale industries in the private sector would (after making allowance for the transfers to private industries provided for in the plans of the public sector) average to over Rs 400 crore per annum This is a relatively high rate of investment for an under developed country whose national income is at present only about Rs 9 000 crores and per capita income less than Rs 300 per annum but our broad judgment is that this order of investment is feasible

48 For an adequate analysis of the implications of the rate of development envisaged over the next five years the necessary data are not available The volume of current savings is itself a matter of speculation and even less is known of their sources and uses Such assessment as one makes of the rate of investment that can be

ustained in particular segments of the economy has therefore to be based on partial evidence in limited fields Much also depends on the priority that i attached to the plans in the public and private sectors compared to the investments which are outside their pur view If there is a well defined policy regarding the sources of finance to be developed for the purpose of implementing these plans the necessary adjustments can be made in the light of experience without seriously affecting the basic assumptions on which the future development of the economy is set Even in countries where more adequate data exist forecasts of savings and of the channels to which they flow are liable to go wrong There would therefore have to be periodical review of these trends as the implementation of the Plan proceeds

49 As at present envisaged a part of the development expendi ture envisaged in the public and private sectors is likely to be met out of their current resources The Central and State Governments normally set apart a portion of their revenues for certain community services about Rs 395 crores will be devoted in this way to the conti nuation and completion of schemes in hand and for expansion over the next five years

50 With the decline in personal savings (which has been evident in almost all countries in the last few decades) public savings (i e surpluses of governments on revenue account) and corporate savings (i e undistributed profits of public and private corporations) will have to play an increasingly important role in sustaining a high level of investment and capital formation The surpluses in the revenue accounts of Central and State Governments to be made available for capital expenditure in the five year period have been placed at about Rs 200 crores We are of the view that surpluses of this order can be created and maintained without serious repercussions on invest ment elsewhere or on essential consumption

51 With the diffusion of incomes over a wider sector than before as a result of higher agricultural prices and with the decline in importance of some of the classes which formerly supported the capital market more attention will also have to be given to small avings These are expected to provide Rs 250 crores exclusive of local loans that may be raised for local projects Local loans which affect the savings that would otherwise go to the organi ed capital markets have to be avoided but there would still be scope for loans which would not encroach on the normal sources of funds for the capital market and which would tap sources that would otherwise remain untapped

52 The organised capital market is itself expected to yield a little over Rs 200 crores by way of subscriptions to public loan and to private issues With moderate improvement over present conditions this target is attainable

53 The resources available for investment can also be supplemented to the extent that the country draws upon past saving held abroad With an appropriate export import policy the withdrawals from India's sterling balances will contribute about Rs 290 crore in the five year period In addition as already mentioned the Plan envisages foreign assistance The scale of such assistance necessary will be between one and two per cent of India's national income

54 The direct foreign exchange expenditure involved in implementing the Five Year Plan is not likely to exceed Rs 300—350 crores This would be well within the means of the country The function of foreign aid will therefore be mainly to supplement the resources available for development by helping to provide the necessary rupee finance

RELATION TO THE COLOMBO PLAN

55 The Five Year Plan outlined above represents in some ways an advance on the Colombo Plan published last year The present Plan is based on a detailed examination of projects such as was not possible within the limited time available for the preparation of the Colombo Plan As a result of this examination some of the schemes figuring in the Colombo Plan have been excluded or modified and some new schemes expected to yield quick results have been introduced A closer analysis of internal resources available at present for development and the measures contemplated for augmenting them with a view to securing the maximum development possible through the country's own effort have also led to an improvement in the estimate of these resources Further the Colombo Plan which involves an outlay of Rs 1 840 crores over the period 1951 57 includes an item namely expenditure to cover the depreciation of railway assets in the period of the Plan which the Five Year Plan does not include (but for which the necessary resources are separately provided for) Allowing for this item and taking into account certain changes in cost estimates as a result either of price increases or of revision on other grounds it will be seen that the Five Year Plan represents a larger measure of effort than it was possible to contemplate at the time the Colombo Plan was formulated In consequence

the targets of production especially in the field of agriculture visualised in the Five Year Plan are higher than those worked out for the Colombo Plan It will also be noticed that unlike the Colombo Plan the Five Year Plan demarcates a part consisting mainly of projects under execution which should foreign aid to the required extent be not forthcoming will have to be implemented in any case This will inevitably entail a greater measure of effort on the part of the community

APPEN

FIRST PART OF THE

Co t of Developm nt

	Central Gov rnment		P rt A States	
	years t tal	5 years total	years tot l	5 years total
	1951 53	1951 56	19 1 53	1951 56
I *Agriculture and Rural Development*—				
Agriculture	547 47	1203 84	4093 34	9083 09
Veterinary and Animal Husbandry including Dairying	39 25	445 90	531 26	1534 52
Forests	20 00	100 00	01 78	600 95
Cooperation			228 33	5 0 51
Fisheries	11 00	54 00	107 16	333 02
Rural Development			288 43	674 4-
TOTAL	617 7	1803 74	5450 30	12746 51
II *Irrigation and Power*	7788 00	1759 00	9142 86	19160 71
III *Transport and Communications*				
Railways	8,00 00	20000 00		
Road	800 00	2300 00	19$ 5	5058 95
Road Transport			444 40	56 40
Shipping	869 0	1586 00		
Civil Aviation	370 00	1587 00		
Ports and Harbours	475 00	966 00	7 91	6 00
Inland Water Transport	4 00	16 00		
Post & Telegraphs	1 80 00	4000 00		
Broadcasting	9 00	35 00		
Overseas Communication	40 00	100 00		
Meteorological Department	30 00	62 00		
Others				
TOTAL	11958 00	-0969 00	2650 83	5647 35

The tlay on Railways hown her i addit n l t the e tim t d expend ture of

DIX I

NATIONAL PLAN

1951 5 to 1955 56

(R p Lakh)

Part B Stat		Part C State		TOTAL	
2 ye rs t tal	5 years t tal	yea s total	5 y t tal	years total	5 y ars t tal
1951 53	195 56	951 53	1951 56	1951 53	1951 56
1 9 99	84 98	08 25	564 62	60 9 05	3694 53
77 73	00 41	28 63	67 96	6 6 87	48 79
6 30	74	36 39	13 0	319 47	1007 19
47 26	146 63	1 35	5 80	296 94	719 94
16 46	43 2	2 6	8 48	37 4	438 62
115 52	385 88			403 95	1060 30
1548 6	3793 4	97 24	825 88	7913 52	19169 37
4293 59	7990 50	161 24	294 44	385 69	45035 65
				8000 00	0000 00
587 66	1477 6	199 00	528 79	3785 18	9365 36
39 00	96 00	3 00	10 00	4 6 40	668 40
				869 00	1586 00
				370 00	1587 00
3 3	63 02	9 91	20 0	5 5 12	1075 0
				4 00	16 00
				1280 00	4000 00
				90 00	352 00
				40 00	100 00
				3 00	6 00
658 96	1636 64	211 91	558 79	15479 70	38811 78

R 150 crores to co th d p eci ti n f ts in the period f th Plan

	Central Government		Part A States	
	years total	5 years total	years total	5 years total
	1951 53	1951 56	1951 53	1951 56
IV *Industry—*				
Large scale industries	2686 00	6470 00	779 33	1041 14
Cottage and small scale Industries	*60 00*	*500 00*	*305 89*	*63 33*
Scientific and Industrial Research	243 14	461 36		
Mineral Development	27 90	106 19		
TOTAL	30 7 04	7537 55	1085 2	1804 47
V *Social Services—*				
Education	317 00	3 00 00	614 6	7386 9
Health	166 94	488 69	59 58	6116 86
Housing	35 00	35 00	545 13	795 73
Labour and Labour Welfare	4 00	385 00	99 71	63 05
Amelioration of backward classes			573 54	146 72
TOTAL	1975 94	54 3 69	6425 12	160 5 28
VI *Rehabilitation*	5400 00	7900 00		
VII *Miscellaneous—*				
Works and Buildings	400 00	000 00	6 40	5 8 50
Finance Ministry Schemes	2 5 31	443 56		
TOTAL	615 31	443 56	06 40	578 50
VIII *North East Frontier Agency*	83 50	300 00		
IX *Andaman*	33 59	155 75		
X [illegible] *development*	100 00	2 6 40		
GRAND TOTAL	31589 10	73399 69	4960 73	5596 8

DIX I—C td (R p c Lakh)

P rt B St tes		P rt C St te		TOTAL	
2 years t t l	5 yea s t tal	2 y ars t tal	5 years t tal	y rs t tal	5 yea s t tal
1951 53	1951 56	1951 53	1951 56	195 53	951 56
333 35	417 86	10 60	5 00	3809 8	7954 00
01 5	29 96	8 64	2 31	476 05	1577 60
				243 14	461 36
				27 90	106 19
434 87	7 9 8	19 4	47 3	4556 37	10099 15
396 29	4 7	5 6	493 86	4453 07	304 85
443 9	1 55	69 67	53 7	3373 1	8359 81
3 74	78 02	50	57 00	948 37	80 75
6 33	5 8	0 5	00	48 9	674 85
12 54	319 25	00	0 00	696 8	1 1 97
000 8	2869 69	317 4	03 57	9718 9	254 23
				5400 00	7900 00
3 00	100 00			636 40	678 5
				215 3	443 56
30 00	100 00			851 7	2 06
				83 50	300 00
				33 59	55 75
				100 00	6 40
7966 49	1 099 89	006 67	8 99	6552 99	149 9 39

APPEN

FIRST PART OF THE

Plans of Part

Cost of Development

Head	Assam	Bih r	B mbay	Madhya Pradesh
1	2	3	4	5
1 Agriculture	276 09	1284 33	1724 4	1043 63
Vete nary and Animal Husbandry 3 Dairying and Milk Supply	12 50	94 08	739 41	135 77
4 Forests	36 30	125 00	83 8	40 78
5 Co-operation	9 25	39 00	146 49	34 43
6 F sheries	6 00	10 06	15 98	5 84
7 Rural Dev lopment	39 34	124 65	131 50	165 93
I *Agricult e and rur l dev lop ment*	399 48	1677 12	2841 62	1426 38
II *Major Irrig t n and po p w rs*	145 00	15 3 20	331 00	9 7 00
1 Cottage Industri s	1 50	59 0	103 8	4 90
2 Oth r Industr es	1 50	60 00	253 89	226 3
III *Industry*	5 00	119 0	357 17	231 13
1 R ds	13 00	800 00	1163 62	200 00
Road Transport	31 90		.00 00	
3 Port and Harbou			5 00	
IV *T ansport*	44 90	800 00	1388 6	00 00
1 Ed cation	89 90	570 44	2142 51	1079 36
M d cal 3 Public Health	116 33	599 95	1616 94	346 08
4 Hou ing		100 00	7 16	20 00
5 Labour and Labo r Welfa e	6 00	0 00	138 00	0 50
6 Ameli ration of B ck ward Classes	3 66	160 00	213 57	136 44
V *Soci l Services*	435 89	1450 39	4138 18	1582 38
VI *Miscellaneous*				
GRAND TOTAL	2250 27	5569 91	1 037 59	4366 89

DIX II (1)
NATIONAL PLAN
A St tes
1951 52 to 1955 56

(R p Lakhs)

Madras	Oris a	Punj b	Utta Pradesh	West Bengal	TOTAL
6	7	8	9	10	11
1600 00	05 51	183 89	093 00	67	9083 09
150 00	61 96	21 83	19 35	1 6 62	1534 52
40 00	3 05	18 00	165 20	78 80	600 95
100 00	8 88	11 77	130 69		5 0 51
100 00	33 40		7 7	154 47	333 0
00 00	10 00			3 00	674 42
2 90 00	352 80	235 49	588 51	1035 11	1 746 5
8 41 00	407 00	333 00	877 00	1595 51	19160 71
1 6 86	7 62	48 97	305 74	74 6	763 33
85 14	65 3	28 87	266 84	42 35	1041 14
212 00	92 94	77 84	572 58	1 6 61	18 4 47
500 00	00 00	75 00	5 23	1385 1	5058 95
	0 00		1 0 00	19 50	562 40
	1 00				6 00
500 00	2 1 00	75 00	642 23	1575 60	5647 35
800 00	179 49	113 30	1603 78	8 8 14	7386 9
1200 00	125 06	124 00	473 63	15 4 87	6116 86
300 0		11 25	113 95	2 3 37	795 73
	1 86	1 75	94 94		263 05
459 00	116 35		145 42	8 28	1462 7
2759 00	422 6	50 30	2431 72	554 66	16025 28
	3 5	575 00			578 50
1370 00	1500 00	1546 63	91 2 04	6877 49	55962 8

APPEN

FIRST PART OF THE

Pl of Pa t

C st of De el pm t

He d	Hyd rabad	Madh Bh t	Mys e
1	2	3	4
1 Ag cult e	346 41	650 00	44 48
2 Vet ri ary and An m l Hu band y 3 D r ng nd M lk S ply	51 30	50 00	53 5
4 F est	43	50 00	8 30
5 Co-ope t n	35 31	5 00	7 10
6 F h es	8 56	5 00	0
R ral De l pm nt		60 00	81 05
I *1 ricul re nd R l D l pm t*	463	840 00	594 88
II *M jor Irrig t d Po P j*	2697 00	546 29	1984 00
1 Cott e I d t	25 72	50 00	135 38
Oth Ind tries	68 71	55 00	34 80
III *Industry*	94 43	105 00	170 18
1 R d	128 5	189 00	3 0 05
Road Tra po t			
3 P rt nd H b u			
IV *T port*	8 57	9 00	3 0 05
1 Ed cat n	64 1	200 00	2 5 60
Med cal 3 P b Health	05 71	98 3	214 75
4 H g		14 4	50 00
5 Labo r d Labou W lf e		4 35	
6 Am l t n f B kw d Cla es		80 00	100 00
V *S l Serv*	469 82	497 00	590 35
VI *M l n*		00 00	
GRAND TOTAL	4 52 83	9	3659 46

DIX II ( )

NATIONAL PLA ı

B St t

195 5 t 1955 56

(R p Lakh)

Pep u	R ; th n	Sa ra htra	Tra nco d C h	T tal
5	6	7	8	9
354 03	1 9 4	395 72	545 0	284 98
10 00	18 6	14 60	2 5	00 4
	2 5	74	60 00	1 4
33 2	3 0	35 00	8 00	146 63
36		1 00	15 00	43
44 93	5 00	84 9		3 5 88
444 54	167 5	65 96	630 60	3 33 4
64 59	494 3	74 8	1463 50	99 5
36	38 50	5 0	5 00	91 96
3 00		13 55	15 8	4 7 86
3 36	38 5	8 55	40 80	709 82
100 00	9 00	300 00	50 00	1477 6
	1 0	53 00	4 00	96 00
		33 2	30 00	63 2
00 00	9 00	386 0	2 00	1636 64
89 90	63 50	16 96	20 00	1 24 07
85 04	17 50	31 3	170 0	12 55
00	2 00	9 60		8 0
2 00	5	14 45		5 8
10 00	4 0	7 5	6 00	319 5
88 94	530 0	343 38	5 00	869 69
				10 00
830 43	1521 5	2 51 73	606 90	17099 89

APPEN

FIRST PART OF THE

Plans of Part

Cost of Development

Head	Ajmer	Bhopal	Bilaspur	Coorg
1		3	4	5
1 Agriculture	63 47	173 00	7 00	
Veterinary and Animal Husbandry; 3 Dairying and Milk Supply	11 11	7 00	1 00	1 00
4 Forests	10 6	0 00	5 00	
5 Co-operation	8 36	5 00		2 00
6 Fisheries		00		
7 Rural Development				
I *Agriculture and Rural Development*	93 56	207 00	13 00	3 00
II *Major Irrigation and Power Projects*		5 00		5 00
1 Cottage Industries		5 00	0 50	
2 Other Industries				
III *Industry*		5 00	0 50	
Roads	9 67	40 00	0 00	10 00
2 Road Transport				
3 Ports and Harbours				
IV *Transport*	9 67	40 00	20 00	10 00
1 Education	0 17	30 00	5 00	10 00
Medical; 3 Public Health	37 89	75 00	3 00	5 00
4 Housing			1 00	
5 Labour and Labour Welfare				
6 Amelioration of Backward Classes		5 00		
V *Social Services*	58 06	110 00	9 00	15 00
GRAND TOTAL	161 29	367 00	42 50	53 00

DIX II (3)

NATIONAL PLAN

C St tes

1951 52 t 1955 56

(Rupees Lakh)

Delhi	Him chal Pr desh	Kutch	Manipu	Tripura	Vindhya Pradesh	T tal
6	7	8	9	10	11	12
63 10	1 00	16 35	1 0	15 00	04 70	564 6
15 17	14 00	3 85	1 00		13 83	67 96
50	59 00	1 40	1 00	1 00	50	13 0
15 93	15 00	3 51			3 00	52 8
2 87	1 00	1 4			1 21	8 48
			-			
99 57	110 00	26 51	3 00	5 00	245 24	825 88
	89 00	117 94		7 00	5 50	94 44
7 35		3 46			6 00	2 31
	3 00			2 00		25 00
7 35	23 00	3 46		2 00	6 00	47 31
0 00	1 0 00	58 26	35 00	100 00	125 86	5 8 79
	0 00					10 00
		2 00				20 00
20 00	1 0 00	78 26	35 00	100 00	1 5 86	558 79
59 6	50 00	6 09	4 00	9 00	100 00	493 86
158 31	5(00	35 51	58 00	7 00	96 00	531 71
56 00						57 00
1 00						1 00
					15 00	0 00
474 91	1 6 00	41 60	62 00	16 00	211 00	11 3 57
601 83	448 00	67 77	100 00	15 00	638 60	2829 99

APPEN

INTERNAL RESOURCES AVAILABLE FOR

C tr (lud g Ra la ys)		1951 56
1 Su plu n Rev nue Accou t		130
Res u norm lly t p rt n the Revenue Account f		
( ) xp n of ci l a tion b d ting d cation ci t fi arch m d cal a d public h alth rv s ttl m nt t	55	118
b) grant t States f GMF and de elopment exp ditu	40	
(c) f d bo t State	8	
(f) eh b l tati f d pl d pe s ns	15	
3 R ources a l ble f m Cap t l A t f d elopm nt		
( ) n t l g t m l s	35	363
(b) mall s gs d unf d d d bt	250	
( ) paym t f l n by f gn g ments St t G rnme t d th	97	
(d) e s ilabl f d l pm t f m P Rlay fund	90	
( ) r il bl th gh oth f d d d p t	45	
(f) th m cella u pt	63	
( ) l n n-d l pme t p d tu e Cap tal A ou t	17	
4 Re urces il bl f ra l y d l pment out f th d ry f th railw		30
T t l R u l bl t th C nt f d l pm t exp d tu d f t ce t State		641
6 A ta ce t St t m d n th p p ti f th r Pla		11
P rr bl f tl d lopr t e p d t f the Ce t (5—6)		420

DIX III

THE FIRST PART OF THE PLAN

(Rupees Crores)

St t s	1951 56
8 Surplus on Rev nue Account	81
9 Res urces n rmally set apart in the Rev n Account for schemes of expans n under ocial service agriculture irrigation electricity ro ds etc.	275
10 Resource vailable from Cap tal Account for dev lopment	
( ) Net lon term loans	79
(b) Resources available through miscellaneous funds and depos ts	45
11 Assistance from the Centre assum d in the prep ration f the Plans of States	211
12 *R ource availabl for the dev lopment expend ture of the St t*	691

The details f m asure to be adopted for raising Rs 40 cr res of this am unt have yet to be examin d in consultation w th the Stat Go rnments

PART III

CHAPTER 1

FOOD POLICY

The Food Problem

The food situation has been difficult throughout the past four years and early this year certain parts of the country seemed to be on the verge of famine Unless the food problem i handled satisfactorily economic conditions in the country will not be stable enough to permit the implementation of the Plan

2 Although food controls were first organised as an emergency measure in the early years of the war the country has now had experience of several forms and varieties of procurement and distribution arrangements Over the greater part of the country food administra tion is fully although not everywhere effectively organised In some States it has been subject to strains on account of insufficient supplies but on the whole it has functioned fairly well considering the magnitude of the task. What is needed mo t now is that the food problem in its present form should be clearly appreciated and that a clear direction of policy should be laid down and followed steadily over the next few years Changes in policy should not be made in haste or under pressure until they are seen to be fully justified,

3 The food problem has existed for about two decades The separation of Burma reduced internal supplies of foodgrains by 1 3 million tons the Partition in 1947 by a further 77 million tons The lesson of the Bengal famine and even more of recent events is that India s food problem is not a temporary disequilibrium between supply and demand it is a manifestation of the continually growing pressure of population on food supply It has therefore to be resolv ed not through short term expedients but through careful and sustained application of relatively long term measures

4 The food problem may be seen in terms of five sets of factors namely the overall requirements to be met the extent of rationing commitments undertaken by Government the extent to which inter nal supplies can be procured the magnitude of imports and the prospects of increasing internal production Present and future policies have to be based on an assessment of the likely trends bearing on each of these factors

Over all Requirements

5 Defects in agricultural 'tatistics introduce an element of un certainty in estimating the overall deficit which has to be met The existing gap between production and requirement and that which may come to exist in 1956 as population increases if in the meantime production does not increase may be seen from the following state- ment

1 Estim ted p pul ti n (millions	1950 1956	357 4 383 1
2 Estima d dult equi alent populat on at 86 (millions)	1950 1956	307 4 329 5
3 Production of cereals in 1950 (lakh tons)		455
4 Quantity of c reals avail ble n 1950 fo con sumption if th r a e n imports and allow nce is mad fo s d t at 12½ per cent. (lakh tons)	1950	398 3
5 Qu ntity ava'l ble for consumpti n in 1950 in clud ng mpo t (l kh ton)		427 9
6 Availab l ty per day per adult (ounces) in 1950		13 67

7 R quirements f r consumption ('n luding se d etc) n 1956

	In lakh tons
On the b s s of 13 67 z pe adult per d y	524 24
„ 14 oz	536 90
15 z	575 30
16 oz	613 60

8 Deficit comp red to production t the 1950 lev l

	In lakh tons
On the b s f 13 67 z per adult pe day	69 04
14 z „	81 70
15 oz	1 0 10
16 z	158 40

To maintain consumption at the level of 1950 the additional quantity of foodgrains n eded in 1956 will be 7 million tons to raise consumption to 14 15 and 16 ounces per adult per day the additional quantity required is estimated to be 8 2 12 0 and 15 8 million tons respectively These figures indicate the magnitude of the problem that lies ahead

6 The availability at present is by no means uniform between different parts of the country If imports from abroad are excluded availability per day per adult of the main cereals varied in 1950 from over 20 ounces in Madhya Pradesh or 17 in the Punjab to 12 in Bombay and Madras The per capita availability is even lower in some States

but in these frequently other foodstuffs are to be had in addition to the principal cereals In a country of the size and diversity of India, it is not possible to distribute internal supplies so that all persons throughout the country whether they are producers or non producers whether they live in surplus or in deficit areas receive the same quantity of food The best that can be achieved is that each area should make available for distribution to deficit areas the maximum surplus it can ecure after meeting the needs of its own population both rationed and non rationed The Basic Plan for food distribution is worked on this principle Both import and procurement are important factors in maintaining the rationing system as may be seen from the following figures for the past four years The figures for the first three years include gram also but the margin of error on this account is small and does not affect the argument —

(Th nd T n)

Ye	Op n stock	P cu m t	Imp ts	Offtak	Closing stock
94	3	4,–	369	7 067	645
1948	645	693	836	5 13	1 044
1949	1 044	4 610	3 619	69	1 581
195	1 58	4 634	165	634	746

P 1

7 How each State procures the surplus production of its farmers what rationing commitments it accepts and the extent of its surplus or deficit are matters vital to the functioning of the rationing system. The problem can only be met if each State approaches it from a national stand point contributing its best to th pool and drawing from it only such amounts as may be absolutely needed

RATIONING AND PROCUREMENT

8 The equitable distribution of foodgrains among different sections of the population at reasonable prices has been an object of policy in recent years The effective discharge of this responsibility is Government s first duty in the economic field In de rmining food policy therefore there is no room for any proposal or experiment which detracts from this responsibility or exposes the economy to risk or uncertainty The view is sometimes expressed that while

complete decontrol of food may not be possible the essential objective of food policy can be secured if only the principal towns are rationed with the help of imported supplies and free movement established over the rest of the country so that supplies move readily to the non rationed urban and rural areas The basic assumption underlying this view is that free movement increases the supplies available in the market whereas a system of controls reduces availabilities by encouraging a withholding of supplies at each stage mainly with a view to making larger profits in the black market It is argued that even if free movement over the whole country—apart from the principal towns to be cordoned off—leads to a rise in prices this would only be temporary as supplies from low price areas would act as a corrective to thi trend It is further pointed out by the advocates of this view that even under the present system as procurement is confined to only 10 per cent of the internal production a proportion of the remaining 90 per cent is sold in the black market at rates much higher than the controlled rates If foodgrains were allowed to move freely the prices which would prevail it is suggested would be lower than the average of the controlled and black market prices which now prevail

9 This view appears plausible at first ight In a matter of such vital importance to the community it is not possible to test fully through experiment the validity of this view There are strong reasons however to believe that conditions at present are not favourable to the continued mooth functioning of a free market in foodgrains So long as shortages continue it would be possible for traders to buy up large supplies and charge exorbitant prices from the needy cla ses The responsibility of Government is not limited to supplying the needs of the urban areas only There are non producers in rural areas who have an equal right to protection by the State Even a temporary rise in foodgrains price for these classes can under present condition create a difficult situation It is not possible to estimate with any degree of precision the volume of ales at present in the black market This depends not merely on the system of controls adopted but on a variety of other factors which change from time to time The restoration of a free market would tend to bring down black market prices but it is by no means certain that the consumers of foodgrains in this free market will on the whole spend less on foodgrains than before Moreover if past experience is any guide it is clear that where the controls are efficiently managed the prices in the rationed and non rationed areas remain fairly clo e On the other hand in the case of States which gave up procurement and rationing in favour of free movement and distribution through trade channels prices ro e to levels higher

than in deficit States where the control system was comparatively more efficient Any step in the direction of decontrol is under present conditions certain to raise prices and is likely to jeopardise the entire system of food control which has been built up in the country with considerable effort The consequences of complete decontrol it is hardly necessary to say would be even more dangerous

10 Apart from the high prices of foodgrains which could be imported from abroad there are other difficulties in view of which it is desirable to depend on imported foodgrains only to the minimum extent necessary Under a system of partial or complete decontrol if expectations of increased availability that it raises are falsified and prices rise no stocks would be left with Government to pour into the areas of high prices and shortages Since internal procurement would already have been given up or greatly reduced this would make the economy highly unstable and vulnerable It is therefore necessary to continue internal procurement until the marketable surplus increases sufficiently either through increased production or through assured availability of imports

11 It is not suggested however that Government duty can only be fulfilled if there is complete uniformity throughout the country in the methods of procurement and in the extent of rationing commitments While certain broad lines of policy must apply to surplus as well as deficit areas in practice a balance has to be struck between *the extent to which foodgrains should be procured from the agricul*tural community and the extent to which the population should be rationed

12 In rural areas a large proportion of the producers have hardly any surplus over their own needs Agricultural labourers secure at the time of the harvest food for a part of the year but for the rest they are dependent on purchases from the market There are also the artisans and other workers who do not grow their own food If the system of procurement draws away too great a share of the local production without special arrangements for distribution in rural areas being made and on account of shortage there i a steep rise in prices these sections of the rural community suffer On the other hand if Government tries to work a system of rationing which covers the entire urban population and all or most of the non producers in the rural areas after a period the strain both on the administration and the community may increase to the extent of making the system difficult to work. While there may be some room for variation in the States in the system of procurement and the extent of rationing

commitments certain minimum conditions should be met by all It is necessary for instance that all towns of a size to be prescribed by the Central Government should be rationed so that the concentrated pressure on supplies which towns represent is fully isolated In addition in deficit areas some formal or informal rationing of the rural population will frequently be needed This may take the form of rural rationing or a system of fair price shops extensive enough to serve the countryside It has to be emphasised that to ignore the problem or to avoid it for fear of heavy commitments may involve risks

13 In some States while the general policies relating to procurement are accepted in theory implementation is weak and is in fact out of accord with all India policy The volume of procurement is influenced by several factors such as the system which is adopted the food policy of Government price trends for various agricultural commodities in the controlled and non controlled sectors and price expectations of producers Efficient systems of distribution and purchase and effective anti smuggling measures are themselves vital factors in increasing procurement In the present circumstances a system of monopoly procurement has to be regarded as essential throughout the country In some States even at present it is supported by a levy There are others however in which the present procurement arrangements cannot be considered adequate Given a suitable system of procurement and a determination to follow policies consistent with increased procurement it should be possible to meet a larger proportion of the requirements from internal supplies Adequate procurement supplemented by necessary imports and efficient arrangements for distribution of available supplies at reasonable prices are the essential corner stones of food policy under present conditions

Planning of Imports

14 Even if policy and administration in respect of rationing and procurement are satisfactory in a normal year internal supplies have to be supplemented by imports amounting to about 3 million tons a year Without imports of this order a ration of 12 ounces per adult per day which should be regarded as the minimum for all except certain categories of manual workers cannot be assured When international conditions change rapidly supplies may be affected by difficulties of shipping or availability and prices abroad may be too high It is therefore necessary to plan imports so as to ensure that during the next few years it is possible to reckon upon annual imports of about 3 million tons in exceptional years imports may have to be larger

INCREASED PRODUCTION

15 While imports of foodgrains over the next few years have to be made as certain as possible through trade agreements and other arrangements concerted measures to increase internal production are equally necessary In the last analysis the food problem can only be solved if enough food is produced in the country and if the marketable surplus is sufficient to meet the needs of the growing urban population The programme for securing an additional production of foodgrains to the extent of 7 2 million tons by 1955 56 is explained elsewhere in this Report Larger quantities may be expected to become available for the towns when production increases substantially But on account of the rate at which the urban population is increasing and because of greater consumption in rural areas there can be no certainty that even with increase in production the marketable surplus will be large enough to render imports unnecessary

THE MARKETABLE SURPLUS

16 The problem of expanding the marketable surplus is therefore crucial to the future of food policy The declaration made in 1949 that the country should be self sufficient in food by the end of 19 1 to the extent of requiring no further imports in a normal year assumed that additional production resulting from the intensification of Grow More Food programmes would go to feed the towns This assumption was not correct In the nature of things the first claims on any additional production that may result is that of the marginal producer himself or of the agricultural worker who may be able to buy a little more than before This means that Government even as a monopoly buyer can obtain only a portion of the additional production Moreover the full effects of additional production could only be felt after period To secure a larger marketable surplus from the available production two types of measures are necessary In the first place a much larger proportion of the produce of surplus farmers should come within the orbit of Government s direct procurement The proposal to constitute all agricultural holdings above a prescribed size throughout the country into Registered Farms made later in this report is designed amongst other things to achieve this object A programme such as that of the Malwa Development Board in Central India has the same purpose In the second place a programme for establishing licensed commercial and cooperative stores in rural areas for the sale of essential consumer goods at reasonable prices is called for The details of the programme need to be worked out in cooperation with State Governments The programme would be justified as a measure for increasing the marketable surplus of

foodgrains It would be equally important as an organised effort on a long term basis to meet at rea onable prices the requirements of the rural population through cooperative and other agencies which can handle both controlled and non controlled commodities Owing to debt legislation and agrarian changes in many parts of the country rural shopkeepers and traders have tended to move to towns This factor combined with the operation of controls and non availability of consumer good has had a disturbing effect on supplies of consumer goods in rural areas

Price Policy

17 There is an intimate relation between price policy and food policy in its production procurement as well as distribution aspect The importance of maintaining a structure of relative prices if production programmes are to be fulfilled is discussed in the next chapter The policy of subsidising the distribution of imported food has recently been modified primarily on budgetary grounds In the larger interest of the economy we consider that while the system of subsidies prevailing at any time may require modification so far as pos ible imported foodgrains should subject to budgetary considerations be sold at prices which may not have a serious effect on the cost of living So long as external prices are higher than internal prices subsidies have an important place in the implementation of food policy

Reserve Stocks

18 Proposals for maintaining a reserve of foodgrains to meet emergencies and to influence prices have been made from time to time We suggest that a reserve of at least a million tons as distinct from quantities required to maintain the rationing system should be built up

CHAPTER 2

PROGRAMME FOR AGRICULTURE

RECENT TRENDS

THE shortage of food and raw materials is at present the weakest point in the country's economy Measures to increase agricultural production have therefore been assigned the central place in the Five Year Plan As each year passes the growth of population makes more difficult the task of producing enough to meet the country's needs Deficiencies exist in cereal foods as well as in other types of food such as pulses milk meat and eggs vegetables fruits and fish There are no reliable estimates of the deficiencies in respect of these products but the gaps between production and requirements are very large Production in two of the major industries of the country cotton textiles and jute has suffered from insufficient supplies of raw material

2 The problem of increasing agricultural production has to be approached simultaneously from several directions In the short run the dependence of the farmer on rainfall and the extent to which he has at hand the means to increase his production outweigh all other factor Over a period however sustained efforts to increase irrigation to build up soil fertility to improve the machinery through which the farmer is assisted and guided and to bring about a better organisation of agriculture are the most powerful influences These aspects of agricultural development are discussed in later chapters Here it is proposed to set forth briefly the main features of the present agricultural situation the limitations of agricultural planning price policy for the agricultural programme and the broad objectives which have been adopted for the Five Year Plan

3 The principal features of the present agricultural situation which have a bearing on the programme to be adopted for the next five years are

(1) There are deficiencies in several directions which require to be made up In a normal year about 3 million tons of foodgrains have to be imported in order to maintain the rationing system but larger imports may be needed if seasons are abnormal In respect of those varieties of cotton which can be grown in the country the shortage amounts to 12 lakh bales To enable the jute industry o

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work on a reasonable scale without undue dependence on external sources of supply internal production has to be raised by over 20 lakh bales There are deficiencies also in sugarcane and oilseeds In quantitative terms and in urgency these commodities come after cotton and jute

(2) There appear to have been a noticeable increase in recent years in the area under fallows Land utilization statistics of the post war period and those relating to the period before the war are not strictly comparable in the case of a number of States but it is estimated that the net increase in the area under fallows amounts to about 10 million acres Part of this is no doubt accounted for by political conditions prevailing in Hyderabad where the increase has b en most marked and in the States affected directly by Partition Although in some States decreases in the area under fallows may be observed there are others in which the increase is difficult to explain To what extent difficulties in securing labour and bullock power adverse seasonal factors and the ffects of legislation relating to land reform can account for increa e in fallows is not certain These and other factors however call for d tailed enquiry so that short term factors may be isolated from long term ones and suitable measures may be devised It will be useful if the general enquiries recently initiated are supplemented by intensive field to field investigations in small representative areas where land has gone out of cultivation

(3) While the area under cereals during the three years ending 1949-50 compared to the period immediately preceding the war has not changed appreciably and had remained (taking comparable areas only) in the neighbourhood of 167 million acres the production has declined from 46 16 million tons to 4? 1 million tons In t rm of yield p r acre this suggests a decrease from 619 lbs to 565 lbs Of the total fall in production jowar maize and wheat account for nearly one half Three years is not a sufficiently long period to establi h a trend especially when the available stati tical data may not always be dependable The suggestion has been made that the reported fall in production may be ascribable in part to on the part of State Governments in reportir pluses and deficits from year to year for the

the Basic Plan for food Sufficient evidence doe not at present exist to this effect but it is important that surpluses and deficits should be reported by the States on the basis of objectives statistical verification If it is found necessary to introduce any corrections the e should be shown and explained along with the original statistical data

(4) On account of the loss of foreign markets and the need for increasing food production during the war special mea ures were taken to reduce the area under cotton which fell from 21 million acres before the war to 10 6 million acres in 1947-48 The trend has since begun to be reversed and the area and production in 1950-51 were estimated to be over 13½ million acres and over 3 million bales respectively

Agricultural Planning

4 The preparation and implementation of a programme for agriculture presents many difficulties Even though commercial crops have an important place in the economy agriculture is still predominantly a way of life For millions of producers each working on his own it is the mean for finding sustenance from harvest to harvest In the ordinary course it is difficult for agricultural officials to reach more than a small proportion of the farmers Until agriculture becomes better organised the necessary conditions for agricultural planning will not exist Targets of production for individual crops whether they are suggested for smaller or larger areas are apt to be notional But even as agriculture is organised today if the levels of production to be reached in a State or in the country as a whole are determined on the basis of proposals built up from below some of the error will be eliminated and gradually the techniques of agricultural planning will improve It will be one of the principal tasks of the machinery for rural development propo ed in the following chapter to evolve over a period methods for presenting and implementing targets of production suited to the conditions of Indian agriculture The broad objectives indicated in thi chapter are in the nature of tentative first proposals worked out in consultation with the State Government These are no more than a tarting for the actual planning at different levels from the village which has to be done in the States

Grow More Food

5 The experience of Grow More Food Campaign and of the effort in the past two years to secure an increase simultaneously in the production of food cotton and jute illustrates the limitations of agricultural planning in the present conditions When the declaration of self sufficiency in food was made in 1949 the assumption was that if by the end of 1951 on the basis of production in 1947-48 allowing for increase in population an additional production of 4 8 million tons of foodgrains was secured the country would become self sufficient and further imports would not be necessary The gap of 4 8 million tons was thought of in relation to normal seasons and did not take account of the need for reserves for abnormal contingencies It was perhaps not sufficiently appreciated that the food problem was primarily linked with securing a sufficient marketable surplus from producers so as to meet Government s commitments for rationing and that when the bulk of the producers live on the margin there is no fixed relation between increase in production and increase in the surplus which would become available As proof of the fulfilment of the programme increase in production was measured largely on the basis of units of work that is to say if a well was sunk or repaired an acre of new land reclaimed or a ton of fertiliser employed it was reckoned that certain defined additions to production took place Statistical sample checks were undertaken to establish whether or not the yardsticks which were adopted were correct By and large it was felt that the relationships assumed between the various types of effort in the results of each were valid However a complete or accurate assessment of the results of the Grow More Food campaign of recent years is not yet possible It is clear however that Government s effort in the Grow More Food campaign has been widely dispersed and that frequently it has taken the form of rendering assistance to scattered individual farmers rather than of programmes conceived and operated in terms of specific areas in which intensive work affecting every farmer and every acre of land was undertaken In the second place while the extent to which additional production may take place as a result of units of work executed by local agricultural staff a view must also be taken of counter balancing factors such as diversion of land from food to non food crop and increase in the area under fallows due to factors like the landlord s desire to avoid adverse rights accruing to the tenant.

Price Incentives

6 During 1950 the Grow More Food campaign was widened into an integrated crop production programme After devaluation it was

felt that the need to grow cotton and jute in larger quantities had become so pressing from an overall economic point of view that measures of diversion of land from food to these crop and special incentives for their increas d production would be justified In 1950 and again this year additional price incentives were offered for cotton and jute was decontrolled early this year after the trade agreement with Pakistan In oilseeds the trade has remained free throughout the past few years It is likely that when price incentives are offered which favour certain crops at the expense of others the farmer will respond and there will be additional production in the lines which are favoured Such a policy is however not consistent with the expectation that production of different crops some stimulated by the price incentive others retarded will reach defined levels of production It will take ome years before it becomes possible to undertake physical planning of the crop pattern in the sense of fixing areas or proportions of individual holdings to be placed under particular crops Too great an emphasis on one crop or another may run counter to the exploitation of the natural and economic advantages open to the farmers of an area In relying largely on price incentives to stimulate the production of particular agricultural commodities there is a real risk that the structure of production may tend to be di torted It is therefore basic to the success of the programme for agriculture during the next five year that great caution should be exercised in proposing different price incentives for different crops and psychological factors calculated to produce short term effects should not be unduly relied upon The aim of policy should therefore be to maintain the relative prices of different agricultural commodities at such levels that without being influenced by excessive price stimuli in one direction or another it is possible to secure increase in food production to the desired levels *pari passu* with increase in the production of commercial crops

7 The first part of the Five Year Plan provides for a total investment of Rs 192 crores on the part of the Central and the State Governments on Agriculture and Rural Development of which Rs 137 crores are proposed to be spent on agriculture alone The bulk of this investment is being made in the hope that it will lead to a substantial increase in food production Under present circumstances commercial crops like cotton jute oilseeds or sugarcane do not need additional incentives in the same degree a food It will not by any means be easy to balance through positive assistance to th farm r the natural impulse under existing conditions to grow commercial crops to the greatest extent possible If through its price policy Government s own emphasis is also in the direction of certain commercial crops added to other factors at work the result may be that fe tilizers lands brought under irrigation and a larger share of the

labour and attention of the farmer may be diverted towards commercial crops. The overall economic requirement of the country is that the dependence on imports for food should be gradually reduced. The Five Year Plan may therefore fail in one of its main aims if the agricultural price policy of Government is not informed by a clear sense of the goal to be achieved.

THE PROGRAMME

8. The broad objectives of the agricultural programme during the next five years are to secure an increase in the production of food by 7.2 million tons, of cotton by 1.2 million bales, of jute by 2.06 million bales, sugarcane in terms of *gur* by 6.9 lakh tons and of oilseeds by 3.75 lakh tons. These objectives have been proposed after consultation with the Ministry of Food and Agriculture and the Governments of all Part A and Part B States. It is hoped that as the Plan comes into operation in each State detailed programmes will be worked out and firm targets based on specific programmes proposed. The tentative distribution of the targets of additional production between different States is shown in the following table.

Additional Production Targets to be achieved by 1955-56

(Figures in thousands)

Name of State	Food (tons)	Jute (400 lb bales)	Cotton (392 lbs bales)	Oilseeds (tons)	Sugar (Gur tons)
Assam	311	440	—	—	
Bihar	879	390		8.5	50
Bombay	367		68	63.0	84
Madhya Pradesh	347		1 9	7.0	
Madras	834		18	14.0	8
Orissa	295	200			
Punjab	650		9		57
Uttar Pradesh	800	33	46	61.0	410
West Bengal	9	00			11
Hyderabad	633		88	49.0	
Madhya Bharat	300		91	9.5	
Mysore	159		75		
PEPSU	49		56		
Rajasthan	86		75		
Saurashtra	94		159	15.0	
Travancore-Cochin	141				
Other States	260		1		
Grand Total	7,202	060	1,[illegible]	375.0	6 0

9 Increase in the production of commercial crops may be expected in the ordinary course in view of the favourable factors which prevail at present and appear to be likely to continue Increase in the production of foodgrains on the other hand will require positive measures of assistance to the farmer The following statement indicates the different types of measures which are envisaged and the extent to which on the first estimates which have been framed additional production may be secured from each of them

		Area (000 acres)	Additional production (000 tons)
Major irrigation projects		8 1	2,-7
Minor irrigation schemes		7 621	1 93-
Land improvement and reclamation Schemes			
Central Tractor Organisation	1 500		
Cultivation of fallow lands	4 000	7,405	1 524
Other land improvement schemes	1 905		
Manure and fertiliser schemes			584
Seed distribution schemes			370
Other schemes			520
Total			7,20

These figures have been arrived at on a consideration of the probable additional production in each State from schemes proposed in its Plan They are however subject to the important qualifications that administrative arrangements for the implementation of the programme will be made on an adequate scale and that the price policy to be followed will be consistent with the objectives of the programme

Intensive Development Areas

10 For several years in drawing up agricultural programmes the emphasis has been on achieving the maximum increase in production in the short period The approach was probably justified but it has to be recognised that the factors which account for low productivity in agriculture are in the main of a long term character Risks due to seasonal factors the existence of uneconomic holding the absence

of an administration adequately equipped to mobilise the interest and energy of the agricultural community the lack of equipment and finance the low productivity of the agricultural worker and deterioration in soil fertility due to persistent neglect of land are problems calling for programmes of re organisation and development which have to be pursued steadily and with determination over many years

11 These programmes can succeed only if the cultivator is filled with enthusiasm and determination to achieve his best and the resources of the State are mobilised to enable him to succeed In the past in each State resources of finance and personnel have been spread widely over different districts The consequence is that the staff on the ground and the amount of assistance which can be rendered do not make a sufficient impression It is essential that every State should draw up a programme of work for bringing certain areas one after another under intensive development while holding the rest of the State more thinly Since additional production is the most urgent objective those areas should be selected where on account of irrigation facilities or an assured rainfall additional effort is likely to produce the most substantial results In the selected areas the programme of agricultural development has to be part of a wider programme covering every aspect of rural development Measures for social education and improvement in the health of the population are vital to the success of an agricultural programme designed to lift the rural community to higher levels of organisation and to arouse enthusiasm for new knowledge and new ways of life In view of the limited finance and personnel which are available such an approach can only be made in areas specially marked for development As resources develop it will be possible to take up areas which do not at present enjoy favourable conditions Intensive development of an area presents problems of organisation administration and public cooperation which call for new methods and techniques and a great deal of experiment It is certain however that in no other way will it be possible to secure lasting and substantial results

Assessment of Results

12. In the past there has been a measure of uncertainty about the results which were being secured from Grow More Food Important steps have already been taken at the Centre and in the States to carry out scientific statistical tests at each harvest Statistical checks need to be extended and for this purpose provision has been made in the Plan. It is important that the agricultural programme should be supported by an adequate machinery for the assessment of results and that the results should be published from time to time and without

undue delay Moreover finance sanctioned for a scheme or project in any year should be based on the assessment of results gained in the preceding year

OTHER PROBLEMS

13 Financial investment by Government is only one aspect of an adequate programme for agriculture The administration has to be capable of rendering effective assistance to the cultivator in ecuring supplies of seed and fertilisers and technical help when he needs it The results of science and answers to the numerous problems which confront him have to be carried to the farmer Production suffers today in a serious degree from lack of credit and finance and a great deal has to be done to reorganise and develop the cooperative credit movement before the necessary assistance especially in long term and medium term credit can be made available There are also other directions in which effort is needed for instance in the better grading and marketing of agricultural produce in increasingly utilising farmyard manure and oilcake bonemeal etc and in organising efficiently methods of seed multiplication and distribution Problems relating to mechanisat on of agriculture improvements in farm implements manures and agricultural research are also no less important These and other problems mentioned above are at present under examination

14 There is one question however to which we may refer here It is natural that hitherto in drawing up food production programmes attention has been confined in the main to cereals We consider that in increasing the total food supply and providing a balanced diet subsidiary foods such as potatoes sweet potatoes tapioca etc have also an important place In the following chapter promotion of the cultivation of high yielding crop is referred to as one of the duties of the Village Production Councils It is in the neighbourhood of towns that circumstances for expanding product on of subsidiary foods are especially favourable The question of distributing subsidiary foods in suitable forms as part of the food ration in urban areas has been considered recently but so far no definite action has been taken There are certain obvious difficulties in utilising subsidiary foods as part of the ration and much preparatory work is necessary It seems to us however that subsidiary foods can be a valuable supplement to the food supply of the country and should not be neglected We suggest therefore that as an experimental measure on a restricted scale and under appropriate conditions subsidiary foods should be distributed as part of the food ration Wherever the experiment is tried out it will be necessary to make arrangemen s to dev lop the necessary production of subsidiary foods and to organise continuous supply

CHAPTER 3

MACHINERY FOR RURAL DEVELOPMENT

It is now generally recognised that the Grow More Food campaign suffered in efficiency by being spread over the whole area of the State Work in intensive areas has many definite advantages Limited resources produce better results when con fined to a small area Administrative efficiency can be best secured in intensive areas as it becomes possible to make definite allocation of resources and allocate definite responsibilities We therefore consider that while such items as minor irrigation works which are conditioned by physical factors and ich general activities like compost making crop competitions etc could be pursued on an extensive scale the future line of advance in the field of rural deve lopment lies in the intensive working of specific areas Such working will provide valuable experience in raising the all round level of rural life which later can form the basis of extensive work The reorientation of the Extension Organisation in India recently effected by the Ministry of Agriculture is also conceived on these lines

Existing Arrangements

2 Agricultural development is a part of the wider process of rural development Beyond a point it cannot be pursued in isolation and is indeed dependent on the growth of a progressive outlook in the rural community There is also an intimate relation between agri cultural development and rural administration In parts of the country where due to general backwardness a satisfactory adminis tration does not exist agricultural development has been retarded Even in those States where a sound system of district administration exists there is need to adapt and reorganise the administrative machinery with the object that the maximum contribution may be made towards the raising of living standards

3 Conditions differ in different parts of the country to an extraordinary extent In the field of rural development in particu lar the influence of local conditions and problems is so great that generalizations may be misleading It is true however for the greater part of the country where district administration and the various development departments have functioned without much change over many years that the present machinery of rural deve lopmen both official and non-official has proved inadequate This

machinery has to be reorganised in several directions in order that it may meet the demands made upon it by the Five Year Plan Its present defect may be briefly stated

(1) Officials of development departments generally find that without the active assistance of the revenue administration they are not able to secure satisfactory results in their work It is therefore necessary that the machinery of district administration and that of development departments in the district should be sufficiently integrated to make a coordinated approach to the cultivator possible

(2) Each department attempts to reach the cultivator through its own hierarchy Invariably the last official in the chain of each department is a poorly paid subordinate inadequately trained and incapable of providing much leadership or guidance to the farmer At the same time the areas within which he and his immediate superior official operate are generally so large and the means of assistance at their disposal so meagre that they seldom function effectively Some of the best personnel of each development department tends to be drawn into administrative work at the headquarters so that few among them are in contact with work in the field

(3) There is considerable lack of coordination as between the various development departments at almost every stage—in the village in the district and in the State as a whole Activities which have a common objective and should be marked by unity of approach on the part of Government are split to an extent which affects the efficiency of all the departments

(4) At the village level there is at present as a rule no organisation especially entrusted with the task of increasing agricultural production In numerous villages *panchayats* exist but their primary functions are judicial and administrative There is also a large number of cooperative societies mainly for credit and supply of controlled commodities Cooperative Societies like better farming societies which are specifically organised for increasing production are few in number and serve only the needs of their members

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It is now generally recognised that the Grow More Food campaign suffered in efficiency by being spread over the whole area of the State Work in intensive areas has many definite advantages Limited resources produce better results when confined to a small area Administrative efficiency can be best secured in intensive areas as it become possible to make definite allocation of resources and allocate definite responsibilities We therefore consider that while such item as minor irrigation works which are conditioned by physical factors and such general activities like compost making crop competitions etc could be pursued on an extensive scale the future line of advance in the field of rural development lies in the intensive working of specific areas Such working will provide valuable experience in raising the all round level of rural life which later can form the basis of extensive work The reorientation of the Extension Organisation in India recently effected by the Ministry of Agriculture is also conceived on these lines

Existing Arrangements

2 Agricultural development is a part of the wider process of rural development Beyond a point it cannot be pursued in isolation and is indeed dependent on the growth of a progressive outlook in the rural community There is also an intimate relation between agricultural development and rural administration In parts of the country where due to general backwardness a satisfactory administration does not exist agricultural development has been retarded Even in those States where a sound system of district administration exists there is need to adapt and reorganise the administrative machinery with the object that the maximum contribution may be made towards the raising of living standards

3 Conditions differ in different parts of the country to an extraordinary extent In the field of rural development in particular the influence of local conditions and problems is so great that generalizations may be misleading It is true however for the greater part of the country where district administration and the various development departments have functioned without much change over many years that the present machinery of rural development both official and non-official has proved inadequate This

ment of rural life as a whole it is necessary to determine upon certain primary territorial units E perience suggests that subject to local conditions intensive work can be best organised

(i) at the village level
(ii) for a small group of villages numbering about ten and having a population of about 5 000 and
(iii) for a larger block of 50 or 60 villages with a population of about ?5 000 to 30 000

In larger areas selected for intensive development it is conve nient to organise work on the basis of the three primary units suggest ed above It is at the e three levels that the closest coordination between different development services has to be organised It is possible that without arranging for any pooling of the field staff of different development departments effective cooperation may sometimes be ensured Even if this be so the maintenance of separate extension organisations by different departments raises greatly the cost of rural development and present difficult problems of manpower training There is a strong case for the pooling of the field staffs of say the Agriculture Cooperative and Animal Husbandry Departments for work falling between the village and the development block of 50 or 60 villages Beyond the development block there is need for greater specialisation in the work of the development departments Valuable work in the direction of coordination between departments and the pooling of field staff has been initiated in Uttar Pradesh If the central idea is found to be feasible it can be adapted by each State according to its own conditions The reorganisation has to be carried out in stages because a new system should be introduced according as the field staff is trained in its new duties and practical experience is gained

7 The block of 50 or 60 villages which may be described a a Development Block will be in the charge of an Extension Officer who will be the common agent for the Agriculture Cooperative and Animal Husbandry Departments He will have under him five or six officials each in charge of these activities in his group of ten villages He will be assisted by the person in charge of the Cooperative Supply Centre from which all supplies will be distributed in the Development Block Above the Extension Officer each Department will have its own technical officers At the district level there should be a District Committee consisting of officers of the various development departments with the Collector as chairman It i at the district level that programmes relating to agriculture cooperation and animal husbandry will be
with other aspects of rural development uch as education

health s rvices This coordir tion has to be even more intimate in the Development Block so that education health and social welfare on the one hand and agriculture cooperation and animal husbandry on the other are presented to the village as different aspects of a common and closely integrated programme

8 It is necessary to emphasise the role of the Collector in the organisation Results will depend on the extent to which he takes interest in and accepts responsibility for the programme His function will b to utilise official machinery of the development departments to work out an intensive development programme for the Development Block The targets agreed upon by the Village Production Councils and the different items of rural development work in the villages in the Block will be consolidated into a development plan for the whole Block The association of the best public leadership at different levels with the formulation and execution of the plan will form an important part of his duties In order to discharge these duties in most cases it will be necessary to give him the assistance of a senior officer who may work as the District Development Officer

Village Productio i Councils

9 The need for an organisation in the village for development production has already been mentioned In every village or group of village there should be a Village Production Council Where a village falls within the jurisdiction of a Panchayat the Village Production Council may be a sub-committee of the Panchayat to which some of the office bearers of the local multi purpose or credit ocie y may be co-opted as also two or three of the best farmers of the village Where there is no Panchayat the duties of the Village Production Council may b entrusted to some other body in the village which may be the managing committee of a cooperative credit society or an *ad hoc* committee On the Village Production Council Government may confer powers for instance under legislation relating to the cultivation of fallow lands or to improved agricultural practices The Village Production Council will be expected to

(i) frame programmes of production to be achieved at each harvest by the village

(ii) frame budgets of requirements for supplies and finance needed for fulfilling the p ogrammes

(iii) assess results attained at each harvest

(iv) act as the channel through which all Government assistance is provided to the village

(v) take steps to bring under cultivation land at present lying uncultivated
(vi) arrange for the cultivation of land not cultivated or managed by the owners
(vii) assist in securing minimum standards of tillage to be observed in the village with a view to increasing production
(viii) stimulate production through prize and other incentive scheme
(ix) promote the cultivation of high yielding food crop
(x) organise voluntary labour for community works
(xi) estimate and assist in the provision of requirements of local raw material for the artisans of the village and
(xii) assist in the procurement and sale of surplus food grains

10 The Village Production Council will be a common body serving all classes of farmers within the village whether they are cultivators working on their own separate fields or members of cooperative farming societies or holders of registered farms By drawing up production plans for the village on the basis of plans of individual farm units the Village Production Council is expected to provide the effective base for the entire structure of agriculture planning It will be through this machinery that targets of production will be proposed by the people in the villages and their implementation ensured

Credit and Supplies

11 In recent years on account of the Grow More Food campaign the Central and State Governments have given financial assistance to cultivators on a large scale Assistance to the cultivator is one of the most important features of the Five Year Plan There has been a tendency in the past to give assistance to individual farmers without relating it to specific programmes of work and without providing for the necessary follow up machinery It is recommended that in future wherever suitable local agencies exist—cooperative societies or Village Production Councils or farmers association —assistance should be given only through them to individual farmers and on the basis of programmes drawn up for the village as a whole The quantum of assistance to be given should depend on programmes drawn up by the Village Production Council or any other organisation which may exist in the villag These programmes will compri e individual farmers farming societies as well as Registered Farms within the 1

12 It is further necessary that financial assistance from Government should be given not directly through Government officials but through the machinery of the cooperative movement Thus we envisage two distinct processes to ensure that financial assistance reaches the cultivator on the basis of village programmes and without the intervention of lower official namely channeling of funds to the village through the cooperative movement and their distribution to individual farmers through the Village Production Council.

13 Where the necessary cooperative ma hinery does not exist we suggest that cooperative multi purpose societies for group of ten villages may be established in areas earmarked for intensive development Thus one well-organised society may serve the purpose of several small and poorly organised societies These societies will handle both credit and supplies Where cooperative credit or multi purpose societies already exist if necessary villages not at present served by them may be drawn into their orbit To promote the efficient working of multi purpose cooperative societies it may be desirable to assist societies in a group of ten villages if need be to have a common secretary paid for by Government

v l pment Comm sioner

D t f Agr cult
R gt f C p t e S j t
Dir ct f An mal H bandry

Provinci l Bank

Central Bank

Credit Union

Provincial S pply C tr

D trict Supply Centre

Dev lopment Block S pply Ce tre

M lt p rpose Cooperat Society
V ll ge P d ct Cou cil

Registered Farms

Cooperative Farming Societies

I d v dual Farms

14 In some States the Provincial Cooperative Bank may be able to organise supply Centres at different levels In others it may be necessary to set up special agencies not necessarily cooperatives for

meeting the requirements of supply centre in Development Blocks and of multi purpose cooperative societies The form of organisation will depend in this field as in others on the actual conditions prevailing in a State

Development Commissioner

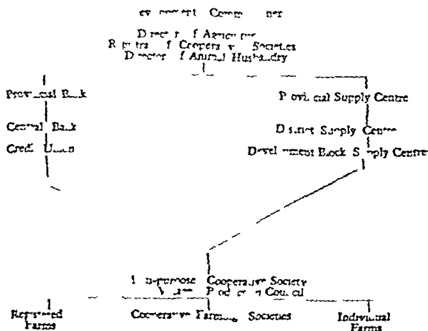
15 The apex of the machinery of rural development will be the Development Commissioner for the State This will be an office of the greatest importance because the success of the entire programme of rural development and agricultural production will depend on the type of person appointed as Development Commissioner and his competence as the leader of a team comprising heads of departments The Development Commissioner may also act as Secretary of the State Rural Development Board consisting of heads of the various Development Departments and non-official representatives with the Chief Minister of the State as Chairman It will be the function of the Board to lay down policy and review from time to time the progress of development in different parts of the State

Role of Non-official Organisations

16 It is important that at each level a substantial measure of responsibility for rural development should be shared by people s representatives Corresponding to the Village Production Council serving the village there should be in each group of ten villages a committee working in close cooperation with the official responsible for work in the village Such a committee may contain *sarpanches* of Panchayats situated in the area office-bearers of multi purpose cooperative societies and other leading farmers For the Development Block the Extension Officer should have a similar non-official committee to which may also be added a representative of the supply centres serving the multi purpose cooperative societies At the district level there should be a District Development Board in which in addition to officers constituting the District Development Committee there should be the Chairman of the District Board representatives of the District Cooperative Bank a representative of the District Supply Centres and leading non officials from different Development Blocks

12. It is further necessary that financial assistance from Government should be given not directly through Government officials, but through the machinery of the cooperative movement. Thus we envisage two distinct processes to ensure that financial assistance reaches the cultivator on the basis of village programmes and without the intervention of lower officials, namely, channeling of funds to the village through the cooperative movement and their distribution to individual farmers through the Village Production Council.

13. Where the necessary cooperative machinery does not exist, we suggest that cooperative multi-purpose societies for groups of ten villages may be established in areas earmarked for intensive development. Thus one well-organised society may serve the purpose of several small and poorly organised societies. These societies will handle both credit and supplies. Where cooperative credit or multi-purpose societies already exist, if necessary villages not at present served by them may be drawn into their orbit. To promote the efficient working of multi-purpose cooperative societies it may be desirable to assist societies in a group of ten villages, if need be, to have a common secretary paid for by Government.



14. In some States the Provincial Cooperative Bank may be able to organise supply Centres at different levels. In others it may be necessary to set up special agencies, not necessarily cooperatives, for

20 It will not be possible to provide enough trained personnel immediately for covering all the areas of the State It is therefore suggested that the organisational changes proposed should be first made in the irrigated areas and in the areas of assured rainfall where early and proportionately greater results are likely to be achieved The new system can be gradually extended to other areas At the same time at least one Development Block should be organised in each district so that the nucleus of future intensive development is created throughout the State

CHAPTER 4

REORGANISATION OF AGRICULTURE

THE LAND PROBLEM

MANY of the weaknesses of Indian agriculture are inherent in the structure of the rural economy These weaknesses have been greatly emphasised in recent years by the continuing shortage of food and raw materials and the increasing pressure of population Comprehensive statistics indicating the proportion of agricultural producers who own and cultivate uneconomic holdings are not at present available A number of studies however have been made in different parts of the country and it is evident that the dimensions in which the problem exists throughout the country are a cause for anxiety A comprehensive inquiry in the undivided Punjab showed that about 81 per cent of the holdings were below 10 acres and about 64 per cent below 5 In Uttar Pradesh it appears from data collected for th *Zamindari* Abolition Committee that 81 per cent of the holdings were below 5 acres and 94 per cent below 10 Similar facts can be cited for other States The bulk of the agricultural producers live on the margin and are unable to invest in the improvement of the land There is widespread under-employment of the agricultural producer and the rural artisan and the economy cannot provide and sustain continuous employment for the available labour The problems of Indian agriculture are far more fundamental than is commonly appreciated This is apparent for instance from the fact that in recent years in spite of high prices public investment on a scale never attempted before and legislation designed to give greater security to the tiller there have been no marked gains in production The conditions of Indian agriculture are typical of a static backward economy which is unable to expand and keep pace with the growing population

2 In its significance for the future the land problem overshadows all other problems In the measure in which a satisfactory answer can be found to this problem the economy as a whole will advance The central problem is to change the character of Indian agriculture from subsistence farming to economic farming and to bring about such changes in its organisation as will introduce a substantial measure of efficiency in farming operations and enable the low income farmer to increase his return Moreover in the interest of society as a whole the effort should be directed to bringing about its transformation in such a way as will help reconcile conflicting

m erests within the agrarian economy remove the disparities which now exist and provide a social and economic framework for the balanced growth of the village community

LAND REFORM

re-ent years import_nt land reform legislation has been in several State- Conditions of tenure vary a great deal en parts of the country so tha the legislation is by no niform. The chara teristics which are common to most gislati n are

Aboli-on o intermediaries and und r certain conditions conferment of rights of proprietorship upon occupancy tenants

Pro ection o tenants-at will and

De ermination of a ceiling on future acquisition of la d by individuals

zam ndari areas the removal of intermediaries is the firs any effe ive land reform. In ermediaries have ceased to any ual economic function. In everal Sta s the f ... lect rent for Government has come in the way of the estab- c an adequa e re nue administration The revenue - of Government i the mainstay o public adm nistration on ext of rural development, its functions and responsibil increasing I is therefore desirab e tha even in those i which the problems o compensation and administration ! to a measure of hesitation in promoting steps for the o intermediaries the necessary legislation should be nd imp emen ed a an early date. In j girdari areas the s of providing a n - administration are even more form d will however be wise no to delay land re orm even in eas.

e example o the Bomb y Tenancy and Agricultural Lands 8 in protecting tenants-at will has been followed in some n much still remains to be done. Over a large part of the country tenants-a will still do not have the minimum o necessary pro ection. There are strong social and economic grounds for under taking measures o pro ection for tenants-a will in ryotwari areas and sub-tenants in zamindari areas. The following are the general principles which have been adopted in some Sta es and need to be

applied in others with such local adaptations as may be necessary It is not possible to be more specific as conditions vary widely from State to State

(1) A person who has been cultivating for a prescribed period the same land or land belonging to the same landlord should be protected He should not be liable to eject ment except under certain conditions such as non pay ment of rent negligence in cultivation etc Exceptions have to be made in favour of certain classes of owners such as minors widows and persons employed in the defence services Where tenants at will are given rights of protected tenants the landlord should be allowed up to a fixed amount of land for personal cultivation The limit for this purpose may correspond to the ceiling which may be proposed by law for the acquisition of additional land by an individual

(2) There have been instances in which landlords have ejected long-established tenants with the o of guarding against the accrual to them of th protected tenants The legislation should retrospec tive application after examination in respect of such cases

(3) The tenant should hav it t ements on land after givin th com pensation should o such improvements befo

(4) Leases should ordinari years Rents shoul several parts of the produce goes to the tribution towards cul ordinarily a rent e the produce of unirri case of irrigated land Proposals for a new str course to be ba ed on a ing rents and the variou

courts invested with powers of Agricultural Land Tribunals

(6) A ceiling on future acquisition of land has been prescribed in some States In Bombay the limit has been fixed at 50 acres in Uttar Pradesh at 30 acres Although such ceilings do not affect existing properties in land their long term effect will be to prevent the formation of large holdings and to offer greater scope to the peasant owner and the tenant to acquire additional land

Aims of Reorganisation

6 The main aims in the reorganisation of agriculture are

(i) to increase production and to make cultivation more profitable by reducing unit costs and increasing yields and at the same time

(ii) to reduce the number of workers engaged in the ordinary operations of farming

In view of the present shortage of food and raw materials agrarian policy has to be conceived so as to strike a balance between three different objectives any one of which may at times be in conflict with the others These are

(1) maintenance and increase of total production
(2) *economic efficiency* and
(3) social justice

It is possible to propose changes in the land system from the point of view of sectional interests such as peasant owners tenants-at will and the landless labour For the community as a whole it will be best if certain lines or patterns of reorganisation of agriculture are broadly accepted as the common National Programme towards the fulfilment of which the administration and the people bend their energies Without *causing loss of production which the community* as a whole cannot afford these approved patterns can evolve steadily in the direction of an increasing measure of social justice

7 Uneconomic holdings are at the root of many of the difficulties of Indian agriculture With the growing pressure on land their number is increasing Agriculture cannot be developed as

efficient industry unless the unit of management becomes much larger than it is at present It is true that where agriculture does not require much investment natural conditions are favourable and the cultivators are skilful and industrious small holdings may produce even higher yields per acre than large holdings The problem in India as in many other under developed countries is however a much larger one The major factors for securing increase in production are the application on a wide scale of scientific knowledge and increased capital investment in its different forms These factors can be employed only if agriculture is organised on the basis of relatively larger units of management and production than the existing holdings Such larger units have undoubted advantages In a farm of substantial size it is possible to eliminate several wasteful operations and to ensure better planning of the use of land including selection of crops rotation and soil conservation development of irrigation and introduction of improved agricultural techniques Economies which are not available to small farms are available to large ones By its very nature a larger unit of management can secure more credit and finance and can apply these to greater advantage can diversify its economy and can make a relatively greater contribution to the solution of the country s food problem

Possible Lines of Action

8 A substantial increase in the size of the unit of management may be brought about in one of the following ways

(1) by nationalising the land and making it available for collective cultivation

(2) by placing a ceiling on existing holdings and utilising land in excess of the ceiling for increasing the size of uneconomic holdings or for distribution to the landless or for cooperative cultivation

(3) by offering inducements to small farmers to become members of cooperative farming societies and

(4) by taking the village as a whole as the unit of cooperative management in which while meeting the claims of ownership through an ownership dividend the entire area is treated as a single farm and is divided for convenience of cultivation into suitable blocks

NATIONALISATION OF PEASANT RIGHTS

9 There are few in India who advocate the nationalisation of peasant rights as distinguished from nationalisation of rights of intermediaries or nationalisation of a portion of the land held by the larger landlord Apart from the fact that any compensation payable would reach dimensions beyond the resources of the State the real objections to nationalisation are deeper and more fundamental Over the greater part of the country there has been for centuries a tradition of free peasant ownership In the *zamindari* areas the peasant lost certain of his rights but gradually recovered them through legislation and through other measures and the occupancy tenant came to occupy a position almost equivalent to that of a peasant owner in *raiyatwari* areas Although the need for change was never greater it is still true to say that peasants are the backbone of India s agriculture They represent the main strength of the tradition of the village community and are the country s most efficient cultivators Changes to be introduced in the rural economy should be capable of proving acceptable to them A principle of change which is repugnant to the commonsense and sense of fairness of the peasant and which is inimical to his interest is not likely to bear fruit On all practical considerations therefore nationalisation of peasant rights is not a course which can seriously be considered

CEILING ON EXISTING HOLDINGS

10 The second course is sometimes advocated and its implications need to be analysed The proposal to limit existing holdings raises important problems of finance administration and management Whether the State gives compensation or under another name rehabilitation grants the task is likely to be far beyond its resources The available administrative machinery is in no position to cope in any systematic manner with the problems of acquisition on the vast scale which appears to be contemplated The distribution of the land acquired from individual owners among various classes of claimants—small owners tenants and landless labourers—will present numerous practical problems involving basic social conflicts Moreover the land which is acquired will consist as a rule of fields scattered over the whole village and generally it will not be possible effectively to organise either collective farming or State management On the larger farms production will fall and for a period at any rate on other farms also and it may well be that the decline in production may have a serious effect on the well being and stability of rural society as a whole It is possible that any large scale and sudden attempt to break up existing holdings

give rise to such organised forces of disruption as may make it extremely difficult to bring about the very transformation in the organisation of agriculture which is needed In the conditions of India peaceful and democratic change is likely to be the most lasting It is therefore necessary to ponder carefully over the practical results of a policy of ceilings on individual holdings It will be seen on a dispassionate study of the subject that the main solution to the problems of Indian agriculture lies along the lines suggested in the third and the fourth of the alternatives mentioned above

Ultimate Objective Cooperative Village Management

11 The programme of reorganisation may be divided into two parts namely that which is to be followed over the next few years and that which is to be realised as the eventual objective The latter may be stated first After examining the land problem carefully from different points of view we suggest that it should be the broad aim of State Policy to establish a system of Cooperative Village Management The following are the essential features of Cooperative Village Management

(1) The unit of land management should ordinarily be the area of the village as a whole For the purpose of management all the land of the village is to be regarded as a single farm

(2) Rights of ownership are recognised and compensated for through an ownership dividend to be paid at each harvest Ownership being provided for separately cultivation of the land of the village is to be organised to the maximum advantage of the village community

(3) Management of the land and the resources of the village should be organised so as to provide maximum employment Owners of land who work in the village and workers who are non-owners will receive remuneration for work done according to the nature of the work Owners will also receive an additional return on account of their ownership rights

(4) The land may be cultivated by individual families or groups of families according as the needs of cultivation and other local circumstances suggest For the purpose of cultivation appropriate blocks may be constituted and allotted by the village management body

These blocks will be held from the village management body on such terms and conditions as will provide suitable incentives to those holding the blocks The possibility of securing maximum production through the provision of individual or group incentives is thus fully preserved

(5) The system of Cooperative Village Management may be introduced in any village when at least two thirds of the owners or permanent tenants holding not less than one half the cultivated area of the village express their preference in favour of its adoption In such an event the system would apply to the entire area of the village including that held by the minority and

(6) *Enabling legislation for Cooperative Village Management* should be enacted in each State The legislation should provide for the village organisation necessary to work the system of Cooperative Village Management the ownership dividend the procedure for the introduction of cooperative management etc

12 Cooperative Village Management has a number of possible advantages It provides in the first place a large enough unit for agricultural operations In so far as it separates ownership from management it makes it possible to use the land wholly in the interest of the community Agricultural workers who now work for individuals will under Cooperative Management work for the village community Worker engaged in the same type of work whether they are owners or non owners will receive remuneration on the same principle so that the landless labourer s position in society will begin to change Although ownership dividend will be determined in accordance with general legislation as reorganisation proceeds its magnitude is also likely to change With the strengthening of the social incentive and the responsibility of the community for developing its resources and providing work for all its members internal savings will develop Under Cooperative Management fewer hands will be needed for cultivation than at present This very factor imposes an obligation and an urge to introduce other forms of work in and around the village *pari passu* or even somewhat ahead of changes in the organisation of agriculture

13 There are three main major objections which may be raised against a system of Cooperative Village Management They apply in fact to any system of cooperative or collective farming—

(i) Rationalisation of agriculture will throw such a large section of the rural community out of work as will cause widespread hardship

(ii) A system in which individual holdings are pooled is opposed to the instinct and tradition of the Indian peasant and will not be acceptable to him and

(iii) Sufficient cohesion and managerial capacity to work out the proposed pattern has not so far been developed

14 Co-operative Village Management is presented as the objective of reorganisation and as will be explained below there are important intermediate stages before this goal is reached A great deal of experiment is needed before the new system can be introduced on any scale Moreover the pace at which Co-operative Village Management should be developed will depend upon the pace at which simultaneously it is possible to absorb workers released from the village There will be difficult problems of organisation and adjustment but in an expanding economy most of these should be capable of solution

15 The second and third objections have much force and deserve careful consideration Once the main lines of the future patterns of agriculture are clearly envisaged a process of persuasion and education is necessary in order to convince the bulk of agriculturists about the value from their own point of view of moving towards Co-operative Village Management Through practical demonstration and through active financial and technical assistance it should be possible to bring home to the rural community the advantages of Co-operative Village Management Many peasant farmers are already beginning to perceive that as agriculture is at present organised substantial improvement in their economic condition is not possible In a democratic framework while legislation can emphasize the social interest change and progress can proceed only at the rate at which the minds of men are genuinely influenced If the lines on which the long term problems of Indian agriculture should be tackled are broadly agreed upon it is possible within the frame-work of a living democracy to achieve the changes which are called for and to plan the immediate steps so as to promote the ultimate objective

Programme for Immediate Action

16 While Cooperative Village Management is presented as the ultimate objective the immediate programme for increasing agricultural production on which it is suggested the machinery of rural development described earlier should concentrate consists of three main proposals

(i) Establishment of Village Production Councils

(ii) Establishment of Registered Farms and

(iii) Promotion of Cooperative Farming Societies

The functions of the proposed Village Production Councils have already been indicated

Registered Farms

17 Registered Farms and Cooperative Farming Societies are proposed as the most suitable methods at present available of increasing the size of the unit of land management in agriculture and organising as large a sector as possible as an efficient industry It is proposed that—

(i) holdings above a level to be prescribed should be organised as Registered Farms and

(ii) holdings below the prescribed level should be brought together increasingly into small cooperative farms

The size to be prescribed for Registered Farms will depend upon the character of each area its crop pattern and the character of cultivation *Under existing techniques* for the bulk of the land under cultivation about six times the economic holding may often be found to be a unit of management offering the largest economies In many areas this may be a convenient minimum size for Registered Farms but local variations are to be expected It is suggested that legislation should be enacted by State in accordance with which owners of Registered Farms will be under obligation to—

(1) follow approved scientific methods of agriculture and develop their farms as efficient units of production

(2) agree to sell improved seed to Government

(3) sell surplus foodgrains to Government and

(4) ensure such wages and terms of employment for agricultural worker as may be determined

Good husbandry and management of land are a social obligation Surplus farmers especially those whose holdings are proposed to be cons ituted into Registe ed Farms are in a position to discharge this obligation and what is no less important to set a standard of cultivation hich will help to rai e the general level of agriculture To enable them to do so technical advice supplies etc will be made available to them

Cooperative Farming Societies

18 Registered Farms will however only touch a small section of the rural community It is important both for the education of the bulk of the owners and for increasing the yields from land under cultivation that individual holders of land should be encouraged and a si ted to group them elves voluntarily into Cooperative Farming Societies These Societies may be formed on conditions such as the following

(1) The area under a Cooperative Farming Society should not be less than the minimum prescribed for Registered Farms in any tract no maximum need be prescribed

(2) Preference should be given by Government to such societies in the matter of supplies finance technical assistance and marketing

(3) In undertaking consolidation proceedings p eference should be given to those villages where such societies have been formed Wherever holdings belonging to members of cooperative societies can be consolidated without consolidating the village as a whole this should be effected preferentially so as to provide each Cooperative Farming Society with compact block of land

(4) Preference should be given to Cooperative Farming Societies in leasing culturable waste land belonging to Government or taken over under the law from private owners with a view to development Suitable assistance in br nging such land under cultivation should also be given by Government and

(5) It should be provided that so long as a Cooperative Farming Society continues no adverse tenancy rights will accrue against those of its members who may not be engaged in personal cultivation The object of this condition is both to encourage the formation of Cooperative Farming Societies and to assist them in reducing the number of workers required for cultivation of any given area

Consolidation of Holdings

19 During the past twenty or twenty five years considerable experience in the consolidation of holdings has been gained in the States It may be said that the cultivator now knows the value of consolidation and over the greater part of the country needs no persuasion for adopting it although the detailed processes of consolidation certainly need to be simplified Consolidation of holdings is useful under all circumstances but proves most valuable where in consequence of it the cultivator is able to increase the productivity of the land for instance by sinking a well

20 It is recognised that consolidation of holdings while making a distinct contribution to increase in production does not eliminate the essential weaknesses of uneconomic holdings and does not offer a lasting solution of the land problem In some States attempts have been made to prevent subdivision of holdings by prescribing a standard area below which subdivision is forbidden either by way of partition sale or lease Such measures have a limited value but in our view the eventual solution has to be in the direction of proposals such as have been set out in this chapter Until it becomes possible to organise a system of Cooperative Village Management on a sufficiently large scale it will be desirable to intensify programmes for consolidation of holdings and to give special attention to villages in which there is greater readiness to form Cooperative Farming Societies

The Peasant

21 Within a village the Production Council will be a common body for Registered Farms for farmers organised in Cooperative Farming Societies as well as for farmers working on their own Its task will be to help each class of farmer to contribute its best to the total production of the village Through the Village Production

(3) sell surplus foodgrains to Government and

(4) ensure such wages and terms of employment for agricultural workers as may be determined

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all its members is translated into practical action the relative status of the agricultural worker will improve and fuller employment whether as a farm worker or otherwise will become available In the meantime steps in four directions are recommended

(1) The Minimum Wages Act which was passed in 1948 has to be enforced in the first instance in those areas in which the level of rural wages is found to be relatively low on account of the presence of certain exploitative factors State Governments should take early step to determine such low wage pockets in their territories and should fix suitable minimum wages care being taken to provide also the requisite administrative machinery

(2) Minimum wages should also be prescribed for workers engaged on farms above a certain size This may be broadly the size fixed for Registered Farms On these farms since agriculture will be organised on a commercial basis it should be possible out of the proceeds to pay a reasonable wage to the worker It may be expected that without making it necessary for a State Government to enforce minimum wages throughout its territory the level of wages determined for Registered Farms will influence wages in the surrounding areas This selective approach may achieve in large part the purpose of universal enforcement of minimum agricultural wages throughout a State Such universal enforcement by itself represents an administrative task which is at present beyond the capacity of the machinery at the disposal of Government and may tend to reduce the volume of rural employment to the immediate detriment of the agricultural worker

(3) In the settlement of all newly reclaimed land after allowing for such areas as may be required for State farms preference should be given to cooperatives consisting of landless workers

(4) A progressive social welfare policy designed to improve the living conditions and social status of the agricultural labourer should be followed in particular in matters such as allotment of residential sites in villages supply of drinking water etc Beneficial legislation such as that relating to debt conciliation which at present only to persons holding land should also be applicable under suitable conditions to

workers Restrictions which still fetter the agricultural labourer in many parts of the country should be removed wherever necessary by legislation Further through stipends and larger opportunities for vocational education and training it should be the State s endeavour to produce among agricultural labourers the type of leadership and the level of understanding of the needs of the village community as a whole without which reorganisation of the rural economy on lines described in this chapter may meet serious difficulty

CHAPTER 5

ANIMAL HUSBANDRY

India has to support today about 177 4 million heads of cattle which is nearly one fourth of the worlds total bovine population Except in a few favourable localities where there are special facilities of good pasture land enabling cattle breeding to be developed as an independent industry the rearing of cattle is an industry subservient to agriculture Maintenance costs are considerably reduced as cattle are generally fed on fodder which is a by product in the raising of food crops Throughout the country agriculture and animal husbandry are thus complementary to each other

2 The problems of cattle development in India can be considered under the following four heads —

(i) Feeding

(ii) Breeding

(iii) Removal of useless cattle and

(iv) Protection against diseases

3 *Feeding*—Lack of adequate feeding is the most important cause of the poor condition of cattle It is a common experience to see how cattle in India immediately respond to better feeding and care The cultivator bestows priority in feeding and maintenance upon his plough and milch animals The rest of the cattle are maintained from a variety of considerations *e g* little cost future progeny manure but much care is not taken of them

4 It is estimated that the total supply of roughage can maintain only 78 per cent of the cattle population and the supply of concentrates is very much smaller The problem of better feeding can be tackled mainly by providing better feed to a smaller number of animals Better feed can be produced by popularisation of mixed farming which in some cases will involve some diversion of the area under foodgrains to fodder crops This reduction in the area will however be more than counter balanced by greater yield due to better fed bullocks working more efficiently and increased supplies of milk and milk products Another method in the same direction

is to seed existing pastures with better yielding and more nutrient species of grasses In all intensive cultivation zones stress should be laid on these aspects of agricultural practice

5 *Breeding*—Cattle breeds are generally classified as milch draught and dual purpose breeds From the point of view of the cultivator the dual purpose animal is the most useful India has well defined local breeds and State Governments have cattle breeding farms for some of these breeds Under the present breeding policy different areas have been designated for the purpose of development of particular breeds Where the local breed lacks specifically either in milch or draught qualities the deficiency is made up by crossing it with another suitable breed Most of the cattle population of the country is however of a non-descript type and the objective is to upgrade them with pedigree bulls of the particular breed indicated for that locality

6 The most common method for upgrading is to provide a sufficiently large number of pedigree bulls which would cover all the cows in the locality while all the local scrub bulls are castrated One of the difficulties in adopting this method on any large scale is that at present about 50 good pedigree bulls are produced every year in various cattle breeding farms as against our estimated requirements of about one million This deficiency can be met in the following two ways —

(1) By the introduction of the key village scheme Under this scheme while pedigree bulls are issued to a group of villages the selected progeny of these bulls is specially reared on State breeding farms and issued again as stud bulls This is the quickest method of multiplying our supply of pedigree bulls Over Rs 3 crores have been provided for expenditure on the key village scheme in the Central Government s plan

(2) Establishment of artificial insemination centres with a view to increasing the coverage of pedigree bulls While an ordinary bull can cover about 60 to 80 cows by natural mating by artificial insemination about 500 cows can be served Investigations and trials conducted under Indian conditions have proved that artificial insemination centres are quite successful and the initial prejudice of the cultivator is soon overcome There is undoubtedly a promising future for such centres in India Schemes for increasing their number have been included in the State plans

7 *Removal of useless cattle*—This is by far the most important and most difficult problem of cattle development It is estimated that at least ten per cent of the total population consists of unserviceable and uproductive cattle (*vide* Report of the Cattle Preservation and Development Committee Government of India) It is somewhat difficult to gauge the effect of Article 48 in Part IV of the Constitution on this problem In o far as it is interpreted as preventing slaughter of decrepit and useless cows it may be said to have aggravated it Another result of such a provision is the adverse effect it might have on the manufacture of glandular products like insulin adrenalin and liver extract On the other hand by preventing the slaughter of calves and milch and draught cattle which formed a considerable portion of the animals slaughtered for beef and particular varieties of hides the Constitution has taken a positive step in furthering the development of cattle in India The figures of cattle population for the past two decades in undivided India indicate that unrestricted liberty to slaughter which prevailed in the past had no appreciable effect on the total cattle population of the country This indicates that the size of the problem is not materially affected by the provision in the Constitution prohibiting the slaughter of cows As the normal slaughter of cattle does not make any significant impression on the problem and the wholesale slaughter of useless animals is not a practical proposition some other remedy has to be thought out to meet the situation One such remedy is the opening of large camps in areas where the fodder supply to-day is unutilised The old and useless cattle are transferred to these camps through the *Pinjrapoles* and thus pressure on existing fodder supply is reduced Suitable arrangements can be made at these camp for the utilisation of the manure of these cattle and their hides etc after their natural death

This method has not yet been tried on any scale but as we can see no alternative solution we recommend its trial It should not however be adopted on any large scale unless experimental projects have established its claim A sum of Rs 1 crore has been provided in the Plan for this purpose

8 The problem of dry cows in cities is also important from the point of view of preservation of good cattle It is observed that good milch cows are brought to the bigger cities like Bombay Calcutta and Madras and when they get dry they are sent to slaughter houses Establishment of dry cattle salvage farms and the gradual removal of the existing cattle population of these cities to the surrounding rural areas are important measure for preservation of cattle T

programmes of some States provide for a start in this direction during the period of the Plan

9 *Protection against diseases*—India has made considerable progress in this direction in the past few years Rinderpest claims the largest mortality of cattle An inexpensive serum (lapinized vaccine) has now been evolved against it and preventive inoculation on a large scale with this serum can effectively eradicate the disease and work in this direction has to be expanded

Another disease which causes very considerable loss of working hours and of milk yield is the foot and mouth disease No preventive measure against the onset of this disease has yet been developed

10 The lines of future cattle development lie in concentrating on activities described above to begin with in selected areas where they can be introduced along with other items of agricultural and rural development Preventive action against cattle diseases has of course to be organised on the widest possible scale

CHAPTER I

RURAL COTTAGE INDUSTRIES

COTTAGE industries have a central place in rural development programmes In view of the large population labour intensive methods of production have to be adopted wherever they are technically feasible In rural areas the problem of under employment exists almost everywhere and has tended to grow The agriculturist who has intermittent employment during the year as well as his family need supplementary occupations Products of modern industry have increasingly limited the market for the rural artisan whose occupation now gives him only partial employment If agriculture is to be rationalised means for absorbing surplus workers amounting over the whole country perhaps to a third of the population have to be found There is thus in rural areas a vast human and economic problem to be resolved Problems of cottage industries have therefore an urgency and importance in the immediate future which cannot be over-emphasised They call for action programmes which will develop a great deal of local initiative and will provide the economic frame work within which cottage industries will have a fair prospect of success It is important in this context to undertake measures commensurate with the size of the problem

2 Cottage industries are in the main rural in character Their leading characteristic is that work is carried on in the home either as a whole time or as a part time occupation and frequently with the help of members of the family In the past the village was in substantial degree a self-sufficient unit which provided for most of its needs The village weaver oil presser leather worker potter carpenter and blacksmith represent this tradition The demand for their products was always of a local character and there were no competing suppliers This situation has now changed and steadily over the past few decades the village artisan has lost ground to the merchant and the manufacturer With growth of individualism in the village the ties that bound the peasant to the village artisan have greatly diminished On the side of demand for his products therefore the position of the rural artisan (with the exception of the blacksmith and the carpenter) has deteriorated

3 The artisan's ability as a producer is also much less than it was His methods of production have remained static while due to new products being available in the village the consumer's tastes have changed Products which are not good enough to meet the requirements of a local and to some extent a sheltered market can scarcely have any demand outside the village Secondly the artisan is not able to get his raw materials Where the raw materials come from outside for instance iron or yarn being unorganised he is greatly handicapped Where the materials are obtained locally such as oil seeds he has to meet the competition of the trader buying for the oil mill Also he lacks finance and is frequently under debt These difficulties tend to drive the artisan out of his craft turn him into a whole-time or part time labourer and increase the pressure on the soil

4 If rural cottage industries are to be developed it is necessary to deal with those deficiencies which have led to their decline These are the lack of (1) organisation (2) preferential local demand (3) reasonably efficient methods of cottage or small scale production (4) raw materials and (5) finance A programme for rural cottage industries has to aim primarily at assisting the artisan to remove these deficiencies and at additional measures such as appropriate stores purchase policies

5 Before we proceed to consider each of these aspects it is necessary to indicate the important role the State will have to play in encouraging production from cottage industries Having been committed to a programme to increase agricultural production which cannot be realised without a certain amount of rationalisation it follows that for the fulfilment of this programme it will be necessary to create additional avenues of employment in the rural areas for absorbing surplus workers The increase in production from cottage industries on a scale commensurate with this objective must therefore become as much a matter of policy with the State as increased agricultural production It is therefore necessary to have programmes of production from cottage industries which will provide scope for increased production as rationalisation of agriculture proceeds In the initial stages till cottage production is well established it may be necessary to some extent to subsidise the sale of cottage industry products Without the acceptance of such an obligation no large scale programme of increased production appears to be possible Each aspect of the problem may now be briefly considered

6 (1) *Organisation*—The rural artisan is ordinarily a worker on his own working unaided from any source Here and there the village weaver working for a middleman in the town may be an exception An industrial cooperative may be composed of artisans following a particular craft or of artisans following different crafts in which the fact that the members are all artisans may be the bond of membership rather than their pursuit of particular crafts If the first alternative i followed there are advantages of common interest in matters such as the adoption of better methods of production marketing facilities supply of raw materials and finance If the second alternative is followed the area for constituting an industrial cooperative may be smaller and organising personnel may in practice be more effectively employed Sufficient experience of the working of single craft and multi craft cooperatives does not exist at present and depending on local conditions the more promising method can be adopted What is important is to realise that the problem of the rural artisan pursuing a whole time vocation has to be tackled mainly through the establishment of industrial cooperatives There are many institution in India which have been working in the field of cottage industries for a long time They have considerable experience of production through cottage industries In addition to organising industrial cooperatives a useful method of developing cottage production is to give these institutions assistance in the matter of finance organisation marketing etc so that they in turn can assist artisans through their workers

(2) *Preferential local demand*—Unless the rural community shows a distinct and sustained preference for the products of local artisans cottage industries will decline further and the other measures which may be proposed will not avail In the present state of agriculture the demand for goods is severely restricted As the village is at present organised there is no impelling motive to support village industries and through them to maintain a given level of employment in the village In some form or other it is important that the village community should accept the obligation of seeing that within the limits of action open to it the maximum employment is afforded to all its members whether they are farmers or artisans or labourers It may be possible to achieve this object to some extent through existing village multi purpose societies of which artisans may also be members Among the functions of Village Production Councils mentioned earlier the obligation to ensure the supply of locally available raw materials to village artisans has been included A preferential local market can be created by setting barriers to import from other areas but such a measure has other consequences which have to be considered carefully At the same time if the price of the local product is

much higher and its quality much poorer than the rival product a villager can buy the necessary conditions for developing steady village demand for local products will not exist It follows therefore that only if certain other conditions are fulfilled can the factor of local demand play any considerable part in a programme for the development of cottage industries

(3) *Reasonably efficient methods of production*—Developing efficient methods of production involves organisation equipment training and finance and is thus a process which takes time Provided the indications are that after a period in any cottage industry there is a fair prospect of efficient methods being established as a temporary measure a large measure of support by the State even at the expense of the general consumer may be justified This aspect is referred to later The training of artisans research in methods of production and the supply of equipment are essential to the implementation of a programme for the development of any cottage industry These aspects are linked closely with the establishment of industrial cooperatives because without an adequate organisation at the base it is difficult to undertake other measures

(4) *Raw Materials*—For different reasons almost every category of rural artisan suffers for lack of raw materials—the weaver and the blacksmith who are dependent on the products manufactured by large scale industry whose distribution is at present controlled the oil presser because he has not the means to buy sufficient quantities ahead of his needs and the leather worker because conditions of supply of hides and skins have recently deteriorated Government should be prepared to accept the responsibility of organising the supply of raw materials within its control to the artisan provided the latter can receive assistance either through the village multi purpose cooperative society or through the industrial cooperative of which he is a member or through centre organised under suitable official or non official auspices Given in particular industrial cooperatives it should be possible to provide for the purchase of raw materials in sufficient quantities to maintain production In the last resort supplies of raw materials can be requisitioned in order to maintain the production of organised cottage industries Without the necessary organisation Government is not in a position to discharge any responsibility directly for the supply of raw materials

(5) *Finance*—Cottage industries are at present starved of finance and so long as they continue to be unorganised neither Government nor cooperative credit societies can assist them If

however programmes of assistance for industrial cooperatives are drawn up it will be open to cooperative banks to provide short term finance and for Government through legislation relating to State aid to industries to a sist in the provision of medium and long term finance especially for adopting better tools and methods of production

7 It has become necessary for Government to as ume in relation to cottage and small scale industries obligations somewhat similar to those it has already assumed in relation to the development of agriculture This implies that Government will

(1) provide an agency charged with the duty of organising rural artisans in industrial cooperatives

(2) arrange for research into methods of production and use of local raw materials

(3) provide medium term and long term finance and

(4) assist in procurement of raw materials whose distribution i within its control

Some action has been taken by the Government at any rate in the larger States in each of these direction although in the absence of systematic programmes the result attained cannot be said to be satisfactory It may be said that training facilities for cottage industry workers research into methods of production and the financial assistance available for cottage indu trie are at present everywhere inadequate Valuable work has been done in several States such as Bombay Madras Uttar Pradesh and Bihar and on the basis of their experience suitable organisations can be developed by all States Three questions of policy and admini tra tion which have to be considered relate to

(1) composition of the State organisation for developing rural cottage industries

(2) machinery for organising industrial cooperatives and

(3) organisation for research into equipment methods of production and the utilisation of local raw materials

8 A State Government may organise cottage industries depart mentally or by setting up a special statutory corporation (as pro posed by the Fiscal Commission) or through a Development Board

which may be presided over by a Minister and may comprise besides the officials concerned leading non-officials interested in the development of cottage industries Examples of the first and the third type of organisation exist but the idea of a single statutory corporation for the development of cottage industries in a State has still to be tried The choice between a departmental organisation and an organisation of a semi public character which includes both officials and non-officials turns primarily on the role which may be assigned to non official organisations and workers in the development of cottage industries There is room for different opinions on this question but taking a long term view we consider that the maximum results are likely to be gained if the main emphasis is placed on the strengthening of Government s administrative machinery for organising and assisting industrial cooperatives in co operation with village organisations and non official agencies interested in the growth of cottage industries Non official organisations can in particular play a most valuable part in the actual running of industrial cooperatives and in advisory and other organisations where problems of cottage industries are considered and policies formulated As in the development of agriculture if suitable non official organisations with a record of work in the field of cottage industries agree to take charge of the running of industrial cooperatives in any area Government may offer them a field of work and a measure of financial assistance Such organisations can also train new workers and bring to bear that quality of service without which industrial cooperatives may not succeed It is to be remembered that rural artisans are not at present in a position to supply the element of leadership and managerial ability which is needed for the successful working of industrial cooperatives

9 It is in the organisation of research into tools at present employed methods of production and utilisation of raw materials that the action of Government has been most deficient Research in respect of cottage industries has however to be organised along with research into small scale industries to which reference is made later for as cottage industries develop more efficient methods of production and as power becomes available the distinction between them and small scale industries tends to disappear

10 It has been stated already that given the necessary organisation on the side of the artisan there is justification for the maximum assistance possible on the part of Government even if this implies a certain sacrifice of the interest of the general consumer Such assistance may sometimes take the form of a cess on the corresponding large-scale industry Priority should be given in the first place to measures for establishing industrial cooperatives

increasing the efficiency of the artisan and securing with the help of the village community a more assured local market for his pro ducts Secondly if Government can find from public revenues the finance required for undertaking these measures resort to a cess would not be necessary In the third place before a proposal for a cess which may have consequences extending beyond the imm diate object in view is accepted other methods of assistance such as he maximum financial aid which is possible supply and if neces ary requisitioning of raw materials should first be taken It will probably be found that the various mea ures of positive assistance *which have been suggested will effectively alter the competitive* position of the rural artisan In the last resort if in the interest of the economy as a whole a cess for effecting some kind of equality between the artisan and the large scale manufacturer appears to be necessary it may be levied the details being determined on the advice of a body like the Tariff Board

11 The cottage industries which appear to offer scope for organising intensive development programmes are khadi manufac ture of *palm gur* and *gur* the village oil industry production of neem oil utilization of dead cattle manufacture of hand made paper *manufacture of woollen blankets and in certain areas hand* pounding of rice and manufacture of matches We have examined the economic aspects of these industries in some detail and expect to make detailed proposals for their development in a subsequent report We take the view that programmes for rural cottage indus tries cannot be drawn up in isolation from programmes relating to the corresponding large scale industries To the extent to which cottage production is secured through industrial cooperatives or through organised centres of production it becomes possible for Government to accept direct responsibility for their promotion and development To the same extent also it becomes possible to frame common production programmes for cottage industrie and for large cale industries Adequate arrangements can then be made to assist cottage industries in the allocation of raw mater als in purchasing stores for Government and in the provision of finance The technique of drawing up production programmes for industries which are in the private sector is still in its infancy We reckon however that in the present circumstances of indus tries and with the powers which Government possesses it will be feasible to prepare a programme of development in common for instance for the oil mill industry and the village oil industry It should even be possible to envisage as part of such a programme so fundamental a change as the allocation of the production of edible oils largely to the village industry while leaving the field for non edible oils to the oil mills This is cited as an illustration

to show that if cottage industries are developed on a sound basis (which holds promise of progressive efficiency) in order to ensure the maximum rural employment fundamental changes in the conditions of production of cottage industries and large-scale industries can if necessary be organised over a period through the medium of common production programmes These may include for instance licensing of industrial units and in certain cases a policy of non expansion of existing capacity with the object of achieving the targets set for cottage small scale and large scale indus ries in the common production programmes which may be drawn up

State Patronage

12 The stores purchase policy of Government can be very effectively utilised for developing cottage industries We recommend that it should be an object of policy to encourage so far as possible by State purchase the production and utilisation of cottage industry products Some State Governments have already taken effective steps in this direction In this connection considerations of cost and quality are of course relevant In the case of cottage industry products utility should be regarded as an important criterion for decision This may apply over a large range of products of which woollen blankets and hand made paper may be cited as instances Specifications should be reviewed so that they afford a fair chance to cottage industry products which are capable of satisfying essential requirements The question of the price margin which may be given under particular conditions in favour of cottage industry products should be examined

13 As a part of the common production programme we have in view a special programme for Khadi Such a programme could provide a great deal of subsidiary employment and at a time of shortage will add to the available cloth supplie besides utilising stocks of short staple cotton

14 Cottage industries are a responsibility in the first instance of State Governments They become a responsibility of the Central Government in virtue of action needed in the field of policy and in particular in framing common production programmes Government will have to see that the common production programmes afford increasing scope for employment in the rural areas In the field of research the Central Government should assume an overall

responsibility For implementing the various programmes it will be necessary for the Central Government to equip it elf with an organisation capable of handling variou questions of policy a sist ing in drawing up production programmes with sufficient knowledge of the economic conditions and problems of cottage industries and of assisting the coordinated development of research throughout the country The precise pattern of the organisation which may be reeded has to be worked out In regard to research while the Central Government may con ider the possibility of establishing an institution under its own control in the main it should render financial a sistance to institutions di tributed in different parts of the country which will be in touch with regional problems and will be in the be t position to encourage local inventiveness

CHAPTER 7

IRRIGATION AND POWER

INDIA has ample water resources A preliminary estimate of the water yields of various catchments and of the waters at present utilized for irrigation has shown that only about 6 per cent of the water that flows annually through the rivers of India is being utilized Though conditions vary from region to region and from river to river there is no doubt that there are large possibilities for the development of the country s water resources in view especially of improvements that have taken place in the technique of construction of high dams In addition to irrigation such projects of develop ment offer possibilities for generation of power and also in some cases for flood control and navigation

2 The irrigated area in undivided India was 72 million acres out of a total cultivated area of 98 million acres or 24 per cent After Partition the proportion of irrigated to cultivated area in the Indian Union has fallen to 19 per cent—48 million acres of irrigated area out of a total cultivated area of 251 million acres The reduction in the proportion of irrigated area has injuriously affected the food position in India Irrigation has been practised in India for centuries and the demand for its extension in all parts of the country is insistent

3 During the last few years there has been considerable activity all over India in connection with new irrigation and power projects Many new schemes large and small have been taken up for construc tion—some purely for irrigation some only for hydro electric power and others multi purpose in nature Though strictly speaking schemes of thermal power development have no connection with the development of water resources such schemes are also included in this chapter as development of hydro electric power is closely linked with thermal power schemes Of the projects commenced and under execution some are financed wholly from loans advanced by the Central Government and others by State Governments with the help in regard to individual projects of Central loans The aim of the first part of the Plan is to secure the maximum progress possible in the execution of these projects in the period covered by it It is obviously necessary that the results in the way of additional food grains and additional power from these projects should be secured at the earliest possible date It would not be correct how ever to say that in all these cases works were started after detailed

technical investigation and careful assessment of the economic aspects The inclusion of a project in the Plan does not of course dispense with the need for periodical review of it at definite stages A large project usually comprises a number of distinct units or groups of connected works and a technical and other investigation in regard to each such group is completed it would be desirable to review the economic and financial aspects of the project as a whole and where necessary to modify the scope of the project or of portions of it

4 The total estimated cost of all irrigation and power projects included in the first part of the Plan is Rs 734 crores On this an expenditure of Rs 144 crores has been incurred upto the end of March 1951 During the five year period covered by the Plan it is proposed to spend Rs 450 crores on these schemes leaving Rs 140 crores to be spent after this period The projects are calculated to irrigate an additional area of 8 8 million acres in the last year of the Plan and to generate 1 1 million kilowatts of additional power After the completion and full development of these projects the total addition to the area irrigated will be 16 5 million acres and to power 1 93 million kilowatt The annual expenditure on and likely benefits from these projects year by year would be as follows —

Year	Exp nditu (Rs cro)	Additi nal irrigati (cre)	Addit nal Pow r (K)
195 52	99	1 559 000	44 000
19 53	1	7 0,000	373 000
1953 54	100	4 525 000	889 000
19 4 55	77	6 725 000	1 000 000
1955 56	53	8 83 000	1 114 000
Ultimat		16 501 000	1 935,000

(The yearly break up of cost of a few projects is not included)

5 In the preparation of this plan projects likely to yield additional food at an early date have been given preference over others and the large multi purpose projects have been phased with a view to the early completion of their irrigation aspects the power generation is carefully regulated and taken up in stages as the demand arises

In our discussions with the State Governments we have laid great emphasis on proper planning for the development of load for every large generating unit The pattern of power utilization has to be laid down in advance and development of generating capacity co-ordinated with the development of load so that there is as little lag as possible between power generation and its utilization For most of the power projects included in the Five Year Plan detailed or preliminary load surveys have already been carried out and the power to be generated will be utilized largely in meeting the existing power shortage in industrial areas in replacing old and inefficient plant the replacement of which is long overdue and for pumping of irrigation supplies from tubewells and rivers etc In the location of new large scale industries the availability of power from the new power projects is being kept in view

6 As stated above the first part of the Plan includes mainly work already commenced As a result of this in some States the yearly expenditure on works is high in the first three years and falls off from the fourth year and the State Governments cannot utilise to the full in the last two years of the Plan the technical and other resources built up over a number of years To meet this situation and also the need that has been felt for including urgent works in other States especially backward ones a number of projects have been selected for inclusion in the second part of the Plan which is shortly to be finalised A statement of the projects which have been included in the first part of the Plan is given in an annexure to this report

7 In addition to the projects which have been included in the Plan there are other irrigation and power projects under consideration which have been or are being taken up for investigation The aggregate cost of all these projects is expected to be about Rs 1 400 crores The aim of the long term plan of national development should be to take these up for execution When they are completed in fifteen to twenty years the area now under irrigation will be doubled and there will be production of power to the extent of 7 million killowatts It is only by utilising available water resources for irrigation and generation of power on the scale here indicated and by the adoption of intensive measures for improving the standards of agricultural practice and the promotion of cottage small scale and large scale industries with the help of cheap electric power that an appreciable rise in the standard of living of the people can be achieved

8 For the development of irrigation and power there is obviously need for a national policy devised in the interests of India as a whole The reasons for this can be given briefly Firstly it is not in all parts of India that facilities exist for irrigation and power and where they do exist they should be fully developed on considerations of economic advantage in the interests of the food requirements of the nation as a whole Recent experience has shown that the food problem is one for India as a whole and is capable of solution only by an all India policy Secondly works in progress and those that are contemplated present difficult engineering and other problems and require the adoption of modern technical methods sometimes with the help of foreign experts This calls for pooling of the best knowledge and resources available in India and outside Thirdly river valleys are not confined to State boundaries and development schemes of different States have to be co-ordinated and inter related for the achievement of maximum result Fourthly large projects require financial outlays which in most cases are beyond the resources of individual States Careful financial planning and Central assistance are needed for implementation of the programme before the country

9 There is another important point to be emphasised In regard to irrigation and power projects there will have to be plans for a longer period than five years as indicated earlier A large project often takes two to three years to investigate and from five to ten years to execute In order therefore to utilise continuously the technical resources equipment and organization built up by States a fifteen year plan has to be evolved so that investigation and execution can proceed on lines carefully arranged and the technical personnel and equipment can be utilised to the best advantage

10 When the Five Year Plan has been in operation say for two years there will be need for a review of the progress made in giving effect to it and for the preparation of a further plan to be implemented from the sixth year onwards It is necessary that a procedure should be prescribed for determining what projects should be included in this further plan and the order of priority for projects in general In our view the following broad principles should be observed for including projects in this plan

(i) A project for inclusion in the plan should have been investigated in sufficient detail from the technical economic and financial points of view

(ii) Projects which will add to the food production of the country should receive priority over projects relating to other uses of river waters

(iii) Projects which are most remunerative—in terms of cost of irrigation per acre—and those which would yield results within a short time should be given preference and

(iv) Region wise requirements of food and power should receive due consideration as also the needs of the backward areas

11 It is suggested that a Committee should be set up to advise on the relative priority of different projects on an all India basis after an examination of each project This body may consist of

(i) A chairman appointed by the Government of India

(ii) Additional Secretary Ministry of Natural Resource and Scientific Research

(iii) A representative of the Ministry of Finance

(iv) President Central Board of Irrigation and

(v) One eminent engineer not in the service of any Government in India

The Chief Engineer of the State concerned should be co opted as a member when a project prepared by him is examined

12 The plan will be prepared in consultation with the Ministries of Finance and Natural Resources and Scientific Research and the State Governments concerned after the Committee has examined all the projects that have been investigated and the estimates for which are ready

FINANCING OF PROJECTS

13 The implementation of a plan of the dimension proposed calls for a new approach on the part of the Central Government and the States in regard to

(i) methods of financing projects and

(ii) enlisting of public co operation on a nation wide scale and arousing enthusiasm in the country

14 In October 1950 he Planning Commission made suggestions to State Governments regarding financial arrangements for irriga tion projects The most important of these is the levy of betterment fee with the object of securing for the States a share of the unearned increment—of the increase in land values that occurs as a result of the provision of irrigation facilities In our discussions with the States we found a large measure of agreement on the principle of this levy The Bombay Government have enacted legislation for this purpose and we recommend that other States should pass similar legislation as early as possible

15 We have further recommended to State Governments to consider an upward revision of water rates in view o the high cost of new works increased costs of maintenance and the rise in prices of agricultural produce

16 The levy of agricultural income tax which has already been introduced in some States has also been recommended in orde that the larger holdings may bear their equitable share of the burden

17 The Planning Commission has suggested to State Govern ments the creation of a non lapsable irrigation and power develop ment ways and means fund State Governments have no yet been able to examine this question in detail and some of them have ex pressed their inability owing to their financial position even to make a beginning with such a fund This question is not without difficulties and it is proposed to examine it later in consultation with the Central Ministries and States concerned

PUBLIC CO OPERATION

18 Lastly we would like to emphasise one point of fundamental importance Projects of such significance to the economy of the country and involving financial outlays of such magnitude a are now contemplated cannot be implemented successfully unless the States can arouse mass enthusiasm and secure public support for the projects on a nation wide scale What is essential is that the people should consider these projects as their own and should be willing to make special sacrifices for their completion The ways in which public cooperation can be obtained and the forms it should take vary from project to project and it should be the aim of State Governments to see that this is secured in the largest measure possible We have already referred to the levy of betterment con tribution for recouping a portion of the capital cost of the projec s The levy of betterment contribution in the form of land from the

larger holdings will be useful in many ways By this means it will be possible to obtain the lands needed for resettling persons whose holdings are submerged by reservoirs for community use namely village forests and grazing markets roads etc for effecting improvements in the agricultural economy by bringing about consolidation of holdings making uneconomic holdings into economic holdings assigning lands to landless labourers and in other ways The people in the region should be actively associated with all steps taken for the formulation of schemes of this character and their implementation

19 There is also another way in which the traditional methods of carrying out such projects can be improved In preparing estimates for works in which unskilled labour is employed—like the canal system in a large project which absorbs an appreciable portion of the expenditure on the project—the rule should be to adopt a scale of wages on the basis that work should be done by the villagers on the canals in their villages and not on the basis of the work being entrusted to contractors as a whole or in sections In each village or group of villages the villagers should be organised into cooperatives for taking up the work in their own area By this means apart from there being a reduction in cost the villagers benefiting by a project are enabled to make a notable contribution towards its completion

The whole subject is one of great importance and it is proposed to discuss it with States

CHAPTER 8

FORESTS

THE forests of a country have a vital role to play in its general welfare and development They exert a profound influence on its climate It is considered that a tropical country should have at least a third of it area under forests to preserve its climatic conditions Forests are important sources of timber fuel and other products which are used in daily life and as raw materials in industries They also provide good grazing facilities for cattle Forests in addition are effective agents in the conservation of soil and moisture and play an important part in the water regime of the land By preventing rapid run off by promoting percolation of rain water and by the binding effects of the roots on the soil forests exercise a protective effect on the soil on steep hill slopes where the danger of fluvial soil erosion is also the greatest They similarly exercise a beneficial protective function against desiccation and erosion caused by winds on flat country While it may be true that forests have a beneficial influence on the distribution of local rain fall it is doubtful whether their effect on the general rain fall of a region is significant

During the course of his life on this planet man has not always behaved as if he was fully aware of the important role that forests play in influencing his own future and that of his successors Indeed in the early stages it was inevitable that he should encroach on forest lands for extending agriculture There was no serious danger in this so long as the area under forests was still large enough and deforestation had not caused soil erosion on a spectacular scale But soon a stage is reached beyond which man s encroachment on forests not only ceases to be profitable but actually recoils on him by damage through frequent floods by the washing away of fertile soils and in extreme cases by even making the land uninhabitable

FOREST POLICY

3 The total area under both State and private forests in the Indian Union has been estimated at 207 770 sq miles or 130 million acres representing about 19 2 per cent of the total land area of the country This percentage is low for the country as a whole Even these areas are not well distributed in some of the States especially in the Indo Gangetic basin where the area has fallen to the dangerously low figures of 11% in the Punjab 16% in the Uttar Pradesh

and 14/ in Bihar In these States the forests are mostly confined to the Himalayan regions the other areas being left severely bare It i in these States that due to non availability of firewood the amount of cow dung utilised as fuel is probably the highest in India In view of the overall deficiency of forest lands in the country as a whole great caution should be exercised in denuding forest lands Where the forest area has been reduced to the critical limit or i already below it the following obligatory steps should be taken —

(a) There should be a ban on any further encroachment on the forest areas unless an equal area is newly brought under forests and

(b) The area under forests should be increa ed by planned afforestation

We recommend that for each State the proportion of the area that must be under forests should be clearly indicated by the Central Board of Forestry Keeping in view the principle of proper land use and the nature of the terrain in States where the area is above this limit deforestation may be allowed in consultation with the Forest Department for the extension of permanent agriculture

LAND UTILISATION

4 It is in the national interests to ensure that all land is properly utilised according to the best use that it can be put to There are three ways in which land can be productively used vi under agri culture pasture and forestry The nature of the soil and the topo graphy of the land will determine which of these forms of productive utilisation should be adopted The best use of land may be broadly defined as that use under which the land produces most and deterio rates least In India in different States large areas of marginal land have already come under cultivation It has been alleged that the Grow More Food Campaign has greatly increased this tendency lately While considerable areas of gra s land and wood land have been broken up for the extension of cultivation the area of fallow land has increased by 10 million acres during the period 1946-49 as compared to the pre war period It is important therefore that a survey should be carried out to determine which marginal lands are more suited either for pastures or for afforestation with a view to their diversion from agriculture to these uses This aspect c n be linked with the afforestation measures referred to in para 3 above Such village plantation can act as miniature forests conferring he same benefits over a small area as large forests do over the whole

region They are also of vital importance to agriculture Not only will they provide firewood which will help divert the cattle dung to the fields to build up soil fertility but will also provide small timber for agricultural requirements pastures for village cattle and protection against hot desiccating winds To start with we recommend that such a survey should be made in all the intensive cultivation zones and village plantations should be established primarily on unculturable waste lands and thereafter on marginal cultivated lands Where these do not belong either to the Government or to the village community they will have to be acquired for this purpose Similarly the importance of forming plantations on waste lands or along canal banks should be kept in view in all irrigation projects We consider that the necessary survey should be conducted in the intensive cultivation areas of the district through the agency of the District Development Committee In view of their important role in increasing agricultural production we recommend that the establishment of village plantations should have the highest priority and should be undertaken on a systematic scale in all the intensive cultivation areas The extension of such work to other areas is also highly desirable

Soil Conservation

5 Land utilisation and soil conservation are complementary to each other In its widest sense oil conservation covers not only soil erosion but also includes manuring of soils provision of irrigation and all other measures intended to build up soil fertility Here we are chiefly concerned with one of its important aspects that is the problem of soil erosion This problem has assumed serious proportions in India

It is difficult to estimate quantitatively the loss caused to Indian agriculture from the effects of various types of soil erosion An examination of crop yields over a period of 40 years indicate that Indian soils have reached an almost static condition at a very low level of fertility in which the cropping losses are just recouped by natural processes The damage caused by soil erosion is apparent to the eye in the form of coverless hills gullies in cultivated fields and badly eroded lands on the banks of certain rivers etc It is estimated that on a moderate slope of 1 in 80 the annual loss of soil per acre per inch of rain varies from 1 6 to 4 3 tons of soil Once gully erosion starts the damage resulting from it is very serious the soil flowing down the gully with ever increasing velocity and volume The velocity increases with the slope and when the velocity of the run-off

increases in yield have been recorded on a field scale within a period of two to three years after the soil conservation measures have been taken The effect of soil erosion is the same as failure to manure fields While no progressive losses are noticeable over periods of time for failure to manure or take soil conservation measures positive action has a very beneficial effect which becomes apparent in the course of a few years

Soil erosion may be broadly classified into two categories —

(1) Erosion of large areas both on the slopes of hills and down below due to indiscriminate destruction of forests and erosion due to riverine action

(2) Erosion of soil from the cultivators fields It is common experience that except in the case of bunded rice fields or those where the bunding has been done for other specific purposes appreciable erosion takes place depending upon the slope of the fields from which the fertile soil is being continuously lost by sheet erosion or by the formation of ravines and gulleys

Large scale erosion problems are as a rule not capable of being dealt with by the States on their own partly because of financial difficulties and partly because more than one State is usually concerned with these problems In order to deal with such large scale erosion areas it is necessary to have some central machinery with branches in the States concerned to carry out effectively the programme of soil conservation in a co-ordinated manner The tackling of these large-scale problems involves also large financial outlay

In the present state of agricultural development it will be best to concentrate on tackling the problem of soil erosion on the cultivators fields It can be brought under control by adopting certain practices with the help of a team of technicians from the departments of Agriculture Forests and Engineering The common methods recommended for checking soil erosion in cultivators fields are (1) contour cultivation (2) contour furrows (3) diversion ditches (4) outlet channels (5) contour bunding and terracing (6) strip cropping (7) suitable crop rotations and (8) forest planting and provision of grass strips

The land utilisation survey referred to above can be well combined with that for soil conservation in all intensively cultivated areas This survey can be carried out by the district officers of the Agriculture Engineering and Forest Departments During the course of this survey measures required for soil conservation at strategic

points over the whole area can be indicated These can then be carried out by the extension staff with the assistance of the Land Development Unit operating in the area Ordinary soil conservation measures in cultivators fields can be suggested to them by the extension staff and the Village Production Council

Forest Products

6 Forest products are put to various uses They provide structural timber for use by the public as well as by Government departments sleepers for the railways veneer logs for the match and plywood industries bamboos and other materials for the paper industry and a host of other raw materials for various industries Although forests fall within the State Governments sphere in view of the important place of forest products in national economy and national defence it is necessary that the forest policies of State governments in respect of development and conservation should be coordinated Under the present arrangement though the Inspector General of Forest at the centre along with his staff is expected to discharge this function he is not in a position to do so as the working plans of the States and subsequent deviations from the prescription of the working plans are not at present referred to him We understand that in the past this was the invariable practice but it was later given up We consider it important that this practice should be revived and that due weight should be given to the comments of the Inspector General of Forests on the provisions of the plans Such an arrangement will lead to the coordinated development of the forest resources of India and will make expert technical advice and guidance available to the States Coordination o general policy is already secured through the Central Board of Forestry which is presided over by the Central Minister for Forests and on which the State governments are represented

7 The Forest Research Institute at Dehra Dun provides training for the forest services of India and carries on research in forestry and forest products It is in close touch with the Forest Departments of the States and the results of research find quick and effective application by the States There is however considerable scope for improvement in securing the utilisation of the results of research on the forest products by commercial and industrial interests For ensuring closer contact between the Institute and the interests utilising timber and forest products liaison and publicity arrangements at the Institute need to be strengthened

8 Due to abolition of the zamindari system of tenure many states have become responsible for management of large areas which

were hitherto classed as private forests These areas were not systematically managed in the past and indeed in many cases have been very severely denuded It is essential for the State Governments to strengthen their staff for surveying these areas preparing working plans and carrying out systematic development The necessary expenditure for this purpose has been provided in the State plans

Extension of Deserts

9 Recent topographical surveys show that the great Indian desert of Rajasthan has been spreading outwards in a great convex arc through Ferozepur Patiala and Agra towards Aligarh and Kasganj at the rate of about half a mile per year for the last 50 years and is encroaching upon approximately 50 square miles of fertile land every year We understand that the critical focal point has been located at the gap in the Arvallis near Sirohi through which sand laden winds from Saurashtra and Kutch fan out as if through a funnel Large scale afforestation in this gap and along the outer fringes of the advancing desert to create a shelter belt of forests against the forcing gusts of wind is a remedy that demands immediate attention In view of its all India importance this work should be accorded a high priority and should be undertaken immediately under the guidance and control of the Central Government Funds for this purpose have been provided in the plan

Facilities for Forest Tribes

10 Various tribes inhabit forest areas and most of them are scheduled tribes under the Constitution Their welfare is essentially linked up with the development of forest areas They provide the labour required for all forest operations and much of the minor produce of the forests is collected by them It should be an object of State policy to organise them into cooperatives and to arrange collection and exploitation of forest produce through them At present Government auction these rights in favour of contractors who exploit these tribes to a considerable extent The State of Bombay has set a good example in this direction which is worthy of emulation by others

Outlook on Forests

11 Forests are a renewable national asset capable of yielding under proper scientific management not only a steady annual income but also a variety of products essential for human welfare They

hould be treated as capital which has been handed down to us in trust by our ancestors and which we should pass on intact and if possible improved to future generations The present generation is entitled only to the interest on capital Inroads have been made into the forest capital during the war and in the post war years especially in private forests as a result of the threat of extinction of private rights of ownership A stage has been reached where forestry should no longer be regarded as a handmaid of agriculture but as a necessary complement to it It is from this angle that we must approach the question of conservation and development of all forests in India

CHAPTER 9

FISHERIES

SCOPE FOR DEVELOPMENT

THE inadequacy and inaccuracy of the existing statistics for fisheries has been emphasised by various committees which have considered the question of development of Indian fisheries from time to time Dr Radha Kamal Mukerjee had estimated annual fish production at 7 lakh tons in 1938 for undivided India In 1948 the production for the Indian Union was estimated at 5 2 lakh tons valued at Rs 17 9 crores Of this nearly 71 per cent comprised of sea and estuarine fish and 29 per cent fresh water fish In the case of sea fisheries only the coastal waters are fished and there is as yet practically no development of off shore fishing In the case of inland or fresh water fisheries there are no statistics for the area developed so far but it is known that it forms only a fraction of the total water area of 1½ crore acres At the present level the availability of fish works out at 3 4 lbs per annum *per capita* as against approximately 16 lbs in Ceylon 70 in Burma and 90 in Japan The scope for development of fisheries in India is thus very great

DIFFICULTIES

2 The main difficulty is lack of organisation amongst fishermen It is said that the fisheries trade is the most beset with middlemen and even if the statement is exaggerated it brings out the immense scope for cooperative organisation in this industry Almost everything required by fishermen for carrying on their trade *e g* boats nets yarn sail cloth etc has to be obtained through middlemen They have also to part with much of their earnings to the middlemen through whom they market their catch A determined policy *for organising cooperatives and* liberalising supplies of essential requirements are the immediate steps to enable the fishermen to increase their working hours and thereby substantially increase their production and earnings

FACILITIES REQUIRED

3 The provision of landing facilities along the coast for ordinary and mechanised craft and quick land and water transport with refrigeration facilities for preservation and marketing of fish are the two

great needs of the industry A considerable improvement in production could be achieved if these are provided

FINANCE

4 Fisheries chemes from the States at present qualify for G M F assistance from the Centre which was of the order of about Rs 30 lakhs in the year 1949 ,0 It would be a distinct advantage if each State could be indicated the amount that would be available to it in the next five years so that it could draw up a comprehensive programme of fisheries development

FRESH AND BRACKISH WATER FISHERIES

5 The priorities here are conducting a thorough survey of culturable waters and thereafter investigation of indigenous fish eed sources in order to undertake large scale stocking operations For States which are at pre ent deficit in fish seed resources supplies will have to be arranged from surplus areas where large scale production of fish seed should be encouraged

6 The utilisation of inland waters where private rights exist has presented some difficulties In some States the owners are reported to be unwilling to allow development of the area for fear of their ownership rights being prejudiced The abolition of the zamindari in the different States would reduce the magnitude of this problem very considerably In special cases where an owner fails to carry out the suggestions made by the Fisheries Department the State Government should consider the acquisition of the fishery rights under the Land Acquisition Act or other suitable legislation for purposes of management The Fisheries Department should have facilities for developing fisheries in all State waters without necessarily undertaking the management of these waters in other respects

MARINE FISHERIES

7 India has a coast line of 2 900 miles and possibilities of development of sea and estuarine fisheries are very considerable Only a small portion of this wealth is being exploited at present mainly because the small country craft cannot operate beyond a few mile from the shore Mechanisation of fishing operations would enable the fi hermen to reach the areas outside the range of the existing

which mechanisation can be accomplished is likely to vary from region to region just as the existing methods differ in response to the nature of the grounds being fished the type of fish to be caught and other local conditions While some of the indigenous craft could be brought into service on the basi of mother ship op rations certain other types may be found suitable for mechanisation For instance in the States of Bombay and Madras new small mechanised vessels conforming to the traditional lines of the craft normally u ed have also been recently introduced and found reasonably satisfactory

COMMERCIAL TRAWLING

8 Commercial trawling has been attempted off and on in the Indian Waters from 1907 A trawler operated in the Bay of Bengal in 1908 11 in Bombay area in 1921 22 and in the Madras area at different times All these ventures proved unsuccessful Certain Indian companies working thereafter met with the same fate The Fisheries Department of the Government of India is now engaged in exploratory trawling in the waters off Bombay The Government of West Bengal are al o engaged in similar operations and have met with some success in the Bay of Bengal Exploratory trawling is of importance as a foundation for the development of commercial trawl ing through private enterprise and also for the development of off shore fishing through small power vessels In view of past expe rience it will be useful if a small committee of commercial firms is associated with the work at each centre to create confidence in the reliability of the data obtained There is very little scope for com mercial trawling in the absence of reliable data regarding location of fishing grounds and kinds and quantity of fish available

9 Mechanisation of fishing operations which has immediate pros pect of success should therefore proceed along the following lines —

(1) Mechanisation of existing craft for fi hing with indigenous and improved tackle and gear

(2) Where existing craft cannot be mechanised designing new powered craft which would be sufficiently cheap and within the means of fishermen or their Co operative Societies

(3) Introducing dory system where the mother craft is used either for towing the boats to the fishing grounds or for carrying them in the mother craft and

(4) Trawling for exploratory work

CHAPTER 10

MINERALS

INTRODUCTION

IN the last two years the Government have laid the foundations for mineral development by —

(i) the announcement of a mineral policy

(ii) the expansion of the Geological Survey of India for implementing a programme of mineral exploration and development and

(iii) the establishment of a Bureau of Mines for securing co-ordinated development of the country s mineral reserves with due regard to conservation especially of the higher grade ores

2 Although progress has been made in the survey of mineral reserves in recent years and the principal mineral regions have been ascertained exploration has not been thorough or complete and present estimates of reserves are rough guesses The Plan therefore provides for systematic detailed investigation and surveys by the Geological Survey of India the Bureau of Mines and the National Laboratories for the quantitative and qualitative assessment of the country s reserves of important minerals

3 The position in regard to mineral resources as at present known may now be stated Coal iron ore manganese ore mica gold ilmenite and building materials are produced in India in quantities of real importance to industry and other sectors of the economy Other minerals of which India possesses good reserves are bauxite industrial clays steatite chromite atomic energy minerals refractory minerals and abrasives The more important minerals supplies of which are inadequate for any large industrial development are sulphur copper tin nickel lead zinc graphite cobalt mercury and liquid fuels Except for these India is endowed with the basic mineral and power resources needed for industrial expansion though in relation to the population the reserves compare unfavourably with the important mineral regions of the world

MINERAL POLICY

4 Till recently the tendency in India was to exploit minerals largely for purposes of export they were not regarded as a source of national wealth whose working and utilisation should be planned on sound economic principles in the best interests of the country As minerals form the basis of modern industries in peace and in war it is necessary to have a clear cut policy for their working and utilisation The keynote of this policy should be conservation and economic working The essentials of such a policy of co-ordinated and economic development of the mineral resources should include —

(i) *Appraisal of reserves* In regard to almost every mineral there is no reliable data on reserves It is therefore necessary to investigate the mineral deposits in a systematic manner and prepare detailed maps The more important minerals whether for domestic consumption for defence purposes or for export should be given high priority in this programme

(ii) *Proper conduct of mining operations* At present only a comparatively small number of mines are being worked in an efficient manner under proper technical guidance Many units are too small in size or too poorly financed for proper working Lack of a conservation policy is also responsible for the present condition of the industry There is a large wastage especially in minerals of marginal grades these being either abandoned in the mines or thrown away on the mine dumps To bring about a general improvement in methods of mining as well as in the recovery of economically workable resources mining interests will have to employ properly qualified technical personnel for conducting mining operations Government should also assist in this direction by organising a sufficiently large and competent body of inspecting officers composed of mining engineers and geologists whose function will be to inspect every mining operation and advise the mine-owner on proper methods of development and to ensure that the advice given is implemented

(iii) *Leasing of mineral properties and regulation of mineral development* The Mines and Minerals (Regulation and Development) Act (Act No LIII of 1948) gives powers of regulation to the Central Government Under this Act rule have been framed for the issue of prospecting licences and mining leases for (a) natural gas and petroleum and (b) all other minerals The latter rules (Mineral Concession Rules) were brought into force in 1949 Under these the Central Government s concurrence is necessary for the issue of licences and leases for atomic energy minerals and rare minerals such as those containing uranium thorium vanadium

beryllium titanium columbium etc coal gypsum lead zinc and copper ores Two changes are necessary in these rules in the national interest In the first place the Central Government s concurrence should be needed for issue of licences and leases of other important minerals namely iron ore manganese ore chromite bauxite and mica in view of their strategic value It is not of course necessary that all cases should be referred for prior concurrence A suitable limit may be fixed to ensure that all important cases are so referred Secondly in the grant of mineral leases regard should be had among other factors to the size of mining properties There is provision in the Mineral Concession rules to limit individual holding of large areas The fixing of a minimum limit is equally necessary as proper technical working becomes impossible where the areas covered are small

(iv) *Statistics of Mineral Industry* There is provision under Act LIII of 1948 *for the collection of detailed statistics of the mining* industry The Bureau of Mines should be empowered to collect statistics relating to the mining industry so that they can be collated and studied in relation to development and planning Statistics regarding cerain aspects of the mineral trade and mineral economics of other countries which may have a bearing on India s economy will also have to be collected

(v) *Mineral trade* Some of the important minerals of India *e g* mica manganese and chromite are worked largely for export It should be the policy as far as possible to convert minerals nto finished or at least *semi finished products for purposes of export*

(vi) *Research* There should be systematic research in different aspects of the mineral industry including mining beneficiation and conservation and utilisation of minerals The problems connected with these will have to be studied carefully Minerals of low or marginal grades will have to be beneficiated by mechanical means under local conditions wherever economically possible and the methods of processing minerals for actual use will have to be studied

5 The Plan lays down a programme based on the above principles and arranged *in order of priority with the necessary financial and* other estimates

SOME IMPORTANT MINERALS

6 *Coal* India s coal mining is centred mainly in Bihar and West Bengal The total reserves of coal down to a depth of 2 000 ft a e estimated at 65 000 million tons of which good quality coal

amount to 5 000 million tons The reserves of coking coal however are small and would amount to only about ? 000 million tons and this may well be halved unless measures of con ervation notably stowing blending and washing are enforced Thus though speaking generally the coal reserve may be considered adequate for the industriali ation of the country the position in regard to coking coal as a certained by a specially organised survey under the auspices of the Committee for Conservation of Metallurgical Coal set up in *1949* is clearly unsat s factory The future policy should therefore be one of strict enforcement of the conservation measure recommended by the *Committee* This involves the prevention of the use of coking coal for purposes other than for the produ tion of iron and steel and coking and the 8 million tons now used for such non-essential purposes hould be replaced by coal of other quality The switch-over from metallurgical to non metallurgical coal will have to be effected without dislocating the industry With this consideration in view the following programme is recommended —

(i) Production of coking coal may b maintained at the present level but under no circums ances should new fields be developed The closing of mines producing coking coal is not recommended as they cannot be re-opened without large capital outlay

(ii) Stowing blending and washing should be enforced by law It is believed that enforcement of stowing will lead to reduction in output of coking coal

(iii) Selective mining should be stopped effectively

(iv) The expansion pro ramme of existing steel works and the programme for setting up a new pig iron plant includ d in the Plan will increase the essential demand for coking coal by 1 ? million tons from the 3rd to the 5th year of the Plan

(v) A replacement programme *i e* for replacement of coking by other coal—should be taken up in two stages as an initial step the elected A & B cokin coal used in he railways and for other non-essential purposes should be replaced by non me allurgical coal When this pro gramme has been completed the replacement of the grade *I & II* coking and semi-coking coal should be taken up

(vi) So long as the coking coal produced in the country is in excess of the quantities needed for the iron and steel industry and coking such excess production may be exported to earn essential foreign exchange under special agreements negotiated with other countries In other words the replacement programme for each year will be based on (i) the exports expected during the year and (ii) the demand of coking coal for e sential purposes

7 Questions relating to coal are now dealt with by several Minis tries of the Central Government and in addition the State Govern ments are in charge of administration of lease for working coal properties Further ce es are levied on coal under different Acts for different purposes and separate agencie administer the funds so set up *After a review of the whole position the Planning Commis* sion has made the following recommendations

(i) Legislation for enforcement of stowing for conservation in addition to safety washing and blending should be a signed the highest priority in the interest of conserva tion of national resources of high grade coking coal

(ii) A consolidated cess should be levied in place of the exist ing separate ces es the yield of which should be allotted for safety and conservation measures labour welfare research and other purposes according to requirements

(iii) A machinery—a Coal Board—should be set up which will examine all questions relating to coal from a comprehen sive point of view and make recommendations to the ministries concerned and thus assist in the evolution and execution of a co-ordinated policy

These recommendations involve a single legislative measure for coal which would provide for the purposes indicated above

A comprehensive plan for coal has been submitted separately

OTHER MINERALS

8 India posses es fairly large quantities of high grade iron ore and may be classed as one of the countries which can support a long con tinued development of heavy industry Proposal have been made in the Plan for

(i) the increase of production of iron and steel in existing units and

(ii) the setting up of a pig iron plant

India has reserves of high grade bauxite and manganese ore The Plan indicates elsewhere industrial projects based on the e minerals India is also the world s main source of supply of mica ilmenite and monazite

9 India s reserves of non ferrous metals are insignificant Its resources of copper lead zinc and sulphur all of which are of vital importance in industrial development are poor The average cost of the imports of these four mineral products amounted in 1949 to over 12 crores

10 Very little petroleum is produced in India Digboi the only source at present yields about 7/ of India s requirements Indica tions of productive oil fields are also present in Tripura State and in the Kangra District in East Punjab

Programme of Mineral Development

11 It should be stated again that in regard to important minerals the reserves though known to be large enough are not known in sufficient detail especially in regard to quality for purposes of develop ment There is much work remaining to be done immediately in exploration estimation of reserves improvement of mining collection and organization of statistics and researches into the beneficiation and utilisation of minerals The Government organisations mainly concerned in the execution of this programme are

1 The Geological Survey of India

2 The Indian Bureau of Mine

3 The National Fuel Research Institute

4 The National Metallurgical Laboratory

5 The Central Glass & Ceramic Research Institute

Detailed programmes of work in order of priority to be carried out by the above organizations have b en suggested in the Basic Plan The Geological Survey of India the National Research Institutes concerned and the Indian Bureau of Mines have to be expanded in order to implement this programme of work during the next five-year period Provision for this purpose amounting to about Rs 1 crore has been made in the Plan

12 To coordinate the work of these organizations it is suggested that there should be a Technical Co-ordination Committee with representatives from them This Committee should meet every quarter to review the progress of work and to advise the Ministry generally on the steps to be taken for the implementation of the Plan

CHAPTER 11

INDUSTRIAL DEVELOPMENT AND POLICY

INTRODUCTION

INDUSTRIAL progress in India has been on a significant scale during the last thirty years With the exception of textile industries which took root towards the end of the 19th century many of the im portant industries developed during this period The policy of discriminating protection adopted in 1922 and the circum tances createa by the second world war and its aftermath contributed to thi development Between 1922 23 and 1949 50 the production of coal went up from 19 million tons to 32 million tons and that of steel ingots from 0 2 million tons to 1 4 million tons industries like sugar cement soap and matches quickly attained a level of pro duction adequate to meet domestic demand and the number of per son employed in indu try increased from 1 5 millions to 2 4 millions

THE INDUSTRIAL STRUCTURE

2 Industrial development has as might be expected in an under developed country so far been confined largely to consumer goods industrie producing articles of general consumption like cotton tex tile sugar salt soap leather good and paper In respect of many of these commoditie the productive capacity of the country is adequate to meet the existing demand Industries manufacturing intermediate products such as steel cement power alcohol non ferrous metals chemicals etc which form the raw material of other industries have also been established But except for cement their productive capacity is much below the requirements During the war and the post war period new industries manufactur ing a variety of consumer goods like bicycles radios automobiles electric fan and domestic appliances have been set up And with the establishment of a shipbuilding yard and of plants for the manufacture of machine tool diesel engines textile machinery and locomotives a beginning has been made in the direction of capital goods industries Several of these war and post war industries are however still in the process of development On the whole it seems that while the consumer goods industries are well-established producer goods industries have lagged behind

War and Post War Development

3 The industrial undertakings established during the war and the post war period were started under inflationary conditions and in times of world wide scarcities when everything that could be produced had a ready market irrespective of its price and quality Naturally the consideration whether they would be able to conduct their operations profitably under competitive conditions did not receive the attention it deserved The position of some of the new units is not sati factory from the point of view of supplies of raw materials or the size of the market or both and several of them are defective in respect of financial organization technical planning and mechanical equipment The shortcomings of the war and post war industrial development are clearly brought out in the report of the Fiscal Commission as well as in the second annual report of the Industrial Finance Corporation of India

Industrial Organization and Management

4 During the last few years the Central and States Governments have made appreciable investments in industrial enterprises Public investments of this kind however form a very small proportion of the total capital employed in industry Practically the entire industrial field is controlled by private enterprise A majority of the indu tries are operated and managed through the managing agency system under which a firm of managing agents operates a number of industrial concerns of different types on the basis of long term contracts The managing agents get in return a commission which is related to production sales or profits Although in the initial stages the managing agency system played an important role in the development of industries it has several drawbacks Lately these drawbacks have become prominent with the result that a greater conflict of interest between the managing agents and the shareholders is becoming apparent There has been a fairly brisk traffic in the managing agency rights themselves which has not been helpful to the concerns directly affected On the contrary it has produced adverse effects on the capital market Widespread abuses in respect of purchases of raw materials sales of finished products and interlocking of financial transactions have come to light Above all a numb r of managing agency firms have failed to make improvements in their administrative set up factory management purchase and sales organisation system of accounting etc which are essential for industrial efficiency

Decline in Productivity

5 A disquieting feature of the recent industrial development is the substantial decline that has taken place in the productivity of industry in general since 1939 Actually as compared with the pre war period in several industries production has gone up but productivity which is generally expressed in terms of output per worker—not necessarily to be construed as productivity of labour—has diminished This means that the cost of production per unit in terms of real resources has increased On a rough estimate it appears that productivity has declined by about 20 to 30 per cent This may be attributed to various factors During the war industrial establishments were working two and three shifts but were not able to carry out even the normal replacements to plant and machinery The latter in consequence lost a good deal of their efficiency Notwithstanding the heavy imports of machinery in the post war period the wartime arrears of replacement are still far from being covered Supplies of raw materials too besides being inferior in quality have not been regular The level of management and the attitude of workers have both deteriorated and because of the prevailing scarcity and high prices a number of inefficient units which otherwise might have long disappeared have continued to exist It is not possible to allocate to each of these factors its specific share of responsibility for the loss in productivity but the fact remains that because of them industry is now using a much larger volume of real resources per unit of output than it used to consume before and that this is partly responsible for inflating the level of prices

Priorities for Development

6 *Objectives of Industrial Planning*—The removal of the lacunae and drawbacks in the industrial structure which have been mentioned above would be an important aspect of the Plan It would mean establishment of new industries or industrial units for manufacturing intermediate goods and machinery reorganisation and coordination of the enterprises set up during the war and the post war period improvement in productivity etc Since the total resources available for development are limited and since projects calculated to raise agricultural production are given the highest priority in the Plan the resources available for industrial expansion are limited In determining how these limited resources should be utilised a number of considerations besides those of rectifying the drawbacks of the existing structure would have to be taken into account Broadly the allocation of resources would have to be directed towards the achievement of the following objectives

(a) the demands which schemes for agricultural development and expansion of irrigation and power would make on industrial products should be satisfied

(b) the output of essential consumer goods should be raised to defined targets primarily through the fuller utilisation *of the present capacity of the industry*

(c) the capacity of industries producing pig iron steel heavy chemicals etc which are of basic importance to the general economic development of the country should *be expanded and*

(d) the lacunae and drawbacks in the existing industrial structure should be removed

7 *To lay down an order of priority for different industries* it is necessary to review their position *vis a vis* the objectives mentioned above For this purpose industries might be divided into three categories

(a) defence *industries which produce means of warfare such* as arms ammunition and explosives military aircraft and control instruments

(b) producer goods industries which manufacture a variety of *intermediate products like steel cement chemicals* and jute goods and the instruments of production usually termed capital goods and

(c) consumer goods industries which make articles for direct *consumption*

Defence industries come wholly within the purview of the public sector and are in a class by themselves

8 *Producer Goods Industries*—The producer goods on which the development of agriculture irrigation and electricity is likely to make demands are intermediate goods like steel cement and fertilizers and capital goods such as agricultural implements diesel engines pumps and heavy electric machinery A number of industries manufacturing certain types of goods coming under these categories—except heavy electric machinery—have been started in this country But excepting the steel and cement industries many of them are still in early stages of development and it would be some time before the propspects of their being established on an

basis could be ascertained with any degree of definiteness On the other hand since the demand for steel cement and fertilizers is bound to go up and since it has been demonstrated that conditions in India are favourable for their expansion it is desirable that their productive capacity should be increased

9 Besides those which would be directly affected by the Five Year Plan there are other producer goods industries such as aluminium heavy chemicals power alcohol locomotives machine tools textile machinery ship building etc which have been started in the country and the development of which is useful from the point of view of establishing some sort of a balance in the industrial structure Production of jute manufactures light engineering products etc which is below the capacity of the respective industries should also be raised

10 In the development of producer goods industries special emphasis must however be placed on the expansion of pig iron and steel Even at the present level of demand their production in the country falls short by a large margin Since pig iron and steel are an important basis for development whether it be in agriculture industry or transport and since they are essential for defence they should be given the highest priority among producer goods Apart from the expansion of existing plants a new project for the production of steel might not come into full operation during the period of the Five Year Plan But it is essential to devise without delay a scheme for the establishment of a plant which would alleviate the shortage of pig iron and would be capable of being developed into a steel producing unit

11 Generally producer goods industries not covered by the above considerations should be accorded a lower priority

12 *Consumer Goods Industries*—Consumer goods industries may be classified under two categories those producing essential goods of general consumption and those manufacturing less essential and luxury goods The capacity of industries producing essential goods like cotton textiles sugar salt matches and soap is adequate to meet the requirements of the people at the current level of prices and income Excepting salt and matches the actual production of these industries is however much below capacity This is mainly on account of the shortage of raw materials and the continued existence of a large number of inefficient units Considering that almost all the principal industries in the group have adequate productive capacity to meet the current demands of consumption it is neither necessary nor desirable to expand them further during

the period of the Plan Generally except for the production of cotton yarn which is not likely to be enough to satisfy the demand of handloom weavers even if the cotton textile industry works to its fullest capacity there does not appear to be any need for the establishment of new units in this field

13 For increasing the output of consumer goods effort must be concentrated on the fuller utilization of existing capacity by removing raw material shortages and by improving the efficiency of the existing units through modernization of plant and machinery reorganisation of uneconomic units standardisation of production and scientific management Transfer of some of the units from their present location as for instance in the case of the sugar industry might also be desirable

14 Industries engaged in the production of consumer goods of secondary importance such as automobiles radios bicycles electric fan etc are in second order of priority Concerns in which substantial investments have already been made and which have reasonable prospects of success should however be given the opportunity of developing to the minimum economic size

15 *Order of Priority*—In the light of this brief review the general order of priority for the development of industries in the Five Year Plan which would secure the four fold objective mentioned in the previous section may be stated as follows —

1 Fuller utilization of existing capacity in producer goods industries like jute and consumer goods industries like cotton textiles sugar and soap

2 Expansion of the productive capacity of producer goods industries like steel cement fertilizers heavy chemicals machine tools etc and

3 Completion of industrial units on which a part of the capital expenditure has already been incurred

16 In the nature of things this order of priority although it indicates a system of preference in a general way cannot be exclusive At any point of time a balanced allocation of resources between the different groups is essential and would have to be ensured

PLANS OF DEVELOPMENT

17 *Private Sector*—As the bulk of the resources which the State can mobilise would be used for the development of agriculture irrigation and power it would not be able to make large investments in industry The scope of public expenditure would be confined mainly to the completion of the projects which Government—both at the Centre and in the States—have already taken up New projects would not be started unless they are of a very high priority and are not likely to be carried out without Government undertaking direct responsibility *The expansion of industrial production during the period of the Plan would be largely the responsibility* of the private sector which subject to the overall objectives of the Plan and the controls necessary for their achievement would be free to pursue its normal activity It is not possible to state with any degree of certainty the progress which private industry would be able to make but a broad indication of the programmes of expansion in some of the important industries can be had from the following table —

Expansion Programmes in the Private Sector

Name of Industry	Unit	1950-51 Installed capacity	1950-51 Production (1950)	1955-56 (Estimated) Installed capacity	1955-56 (Estimated) Production
Agricultural Implements					
(i) Pumps (Centrifugal)	Nos	37 407	30 29	86 801	78 126
(ii) Diesel engines	Nos	11 826	4 596	51 326	46 193
Alcohol					
(i) Power	000 Bulk Gal	1 8 68	44 97	2 11 8	1 90 06
(ii) Rectified spirit	000 Bulk Gal (a)	9 49 82 9	34 36	9,49 (b)	26 54
Aluminium (Primary)	Tons	4 000	3 600	25 000	20 000
Automobiles (manufacturing only)	Nos	35 000	3 840	35 000	25 000 (c)
Cement	000 Tons	32 76	6 13	51 40	46 31

(a) Installed capacity of distilleries exclusively engaged in the production of rectified spirit only

(b) Rectified spirit from power alcohol distilleries only Figures relating to other distilleries is not given because it is not possible to forecast how many of these will change over to power alcohol or continue in existence

(c) Increased percentage of component parts to meet the requirements of 25 000 vehicles will be manufactured within the country

N me of industry		1950-51		1955 56 (Estimat d)	
		Installed capacity	Produ tı n (195)	I tall d cap city	P du tı n
Cott n T tiles	Unit				
) Yarn	Millio lb	1 646	1 74	1 671	1 600
( ) Cloth (mill)	Million Yard	4 722	3 665	4 74	4 500 (*d*)
Fertılı rs					
() Superph sphat	000 T n	1,23	52	6	1 79
( ) Ammonium ulphat ( )	000 T n	74	47	[1 9	1 00
Glass nd Gl s ware					
() H llow ware	000 T ns	11	86	3	1 74
( ) Sh tglass	000 Tons	1	5	36	7
( ) B gles	000 T ns	35	16	35	17
H avy Chemical					
() Sulphuric cid	000 T n	1 5	02	2 30	1 80
( ) Soda a h	000 T	54	44	86	8
( ) Cau tic Soda	000 T	19	1	33	9
Mat he	000 Ca e	7 06	5,23	7 66	6 90
Pap an l P p Board	000 To	1,40	1,09	2	1 65
Salt (*f*)		55 613 (cres)	26,22 (000 to)	65 00 (cres)	30 75 (000 t ns)
So p	000 T ns	2 69	2	2 88	0
St l (fini hed)	000 T	1 71	0 5 (*g*)	16 59	13 15
Sugar	000 T n	15,20	11 00	15,40	15 00

(*d*) Thı clud s an timated p oduction f 1900 millı n ya ds f cl th from th hand loom whı h t g th th th tput f th mills will provid f *p capıt* consumptı n f 5 yard and an export f 600 million y d

( ) F gures f p od ction f amm nium lphate ex l f in tall d capacity nd p od ction of h Gov rnm nt F rtılı F ct ry Sindri and th p j ted G rnme t F rtıl F t ry in My r

(*f*) F gures f cap city are expres d in number f cres and thos f prod ctı n in thou d f ons

(*g*) F gu rel tes t th ga son 950-5 d not th cal da y r 95

18 This programme of expansion has been compiled on the basis of information received from the industries concerned in consultation with their representatives and is generally in conformity with the order of priority laid down in para 15 above Installed capacity for 1955 56 includes schemes in respect of which preliminary investigations have been completed and orders for machinery placed as well as the expansion which it is considered necessary to effect and for which definite recommendations have been made In most of the industries production is expected to record a substantial increase but it would arise largely from the fuller utilisation of present capacity Creation of new productive capacity either by enlarging existing units or by establishing new ones would be comparatively small During the period of the Plan as a result of the programme of expansion envisaged the increase in the output of some of the important intermediate products would be of the following order steel 300 000 tons sulphuric acid 78 000 tons soda ash 34 000 tons caustic soda 18 000 tons and cement 2 000 000 tons The production of diesel engines would be higher by 41 600 and that of pumps by 48 000 In consumer goods industries the increase in out put would be cloth (mill made) 835 million yards sugar 400 000 tons footwear 11 million pairs soap 168 000 tons salt 450 000 tons paper and paper board 56 000 tons etc This increased flow of goods would reduce the pressure of demand in many lines and in certain cases make it possible to increase the volume of exports

19 *State enterprises*—The picture of industrial development envisaged in the Plan would not be complete without reference to the State enterprises which would be started or which would come into production between 1951 52 to 1955 56 Because of the limited resources which the State could spare for investment in industry such enterprises would be few in number but from the point of view of economic development they have special significance Some of the important projects which Government have already implemented or which it has decided to take in hand during the next few years are the Sindri Fertilizer Factory the Chittaranjan Locomotive Works the Dry Core Cable Factory and the various schemes for the production of machine tools telephone equipment mathematical instruments etc It would be noticed that all these projects are concerned with the manufacture of producer goods which are essential not only for sustaining industries already established but also for facilitating future progress The fertilizer factory which is expected to be in production in 1952 would raise the output of ammonium sulphate by 350 000 tons per annum and make the country nearly self sufficient in respect of this important inorganic fertilizer Similarly the Chittaranjan Locomotive Works along with the Tata

Locomotive and Engineering Works would supply to the Indian railways all the locomotives they need All these projects are under the jurisdiction of the Central Government The schemes which are being considered by the State Government are of minor importance excepting the scheme of the Madhya Pradesh Government to manufacture newsprint and that of the Mysore Government for the manufacture of nitrogenous fertilizers

Problems of Planned Development and Measures for their Solution

20 The place of private enterprise in a planned economy such as we visualise has been explained in an earlier chapter Economic development in India has to be based on the existence side by side of a public and a private sector But the system of private enterprise will have to be very different from that which now exists industry will have to accept not only the objectives of social and economic policy but al o its own obligations towards the worker the investor and the consumer Private industry will have to fit into the scheme of national planning equally with other sectors of national economy and will have to be o conducted as to satisfy the public at large that it meets social needs adequately and avoids misdirection of national resources as well as exploitation or corruption A reorientation of outlook is essential on the part of the industrialist the entrepreneur as well as the worker It is essential that private enterprise should function in conformity with the social and economic policy of the State recognise its full responsibilities and cooperate in the implementation of such measures of control and regulation as are considered necessary On their part in order to ensure the direction of productive resources for achieving the objectives of planning Government should help in building up a tradition of close cooperation between industry and labour and should retain and exercise powers in order to see that the industries function in the wider interests of the community The progre s of industry would depend on the nature and efficiency of the control which Government would exercise specifically in relation to industry the availability of adequate finance and the improvement in industrial organisation and management Each of these questions is of vital mportance to the Plan

Industries (Development and Control) Bill

21 In April 1948 Government announced their broad policy in regard to industrial development This policy demarcates spheres for public and private enterprise and lays down that in respect of

certain basic industries of importance planning and regulation by the Central Government is necessary in national interest We believe that within the framework of this policy it is possible to have a programme of industrial development which meets the country s present needs Since the bulk of public resources under the Plan are to be devoted to the development of agriculture irrigation and power cottage industries and social services it follows that for the development of industries resources must to a great extent come from the private sector The Plan does not therefore provide for any large extension of the public sector in the industrial sphere The Industries (Development and Control) Bill 1949 which Government introduced in pursuance of their policy for the regulation of industry in the national interest should however be passed without any further delay The important provisions of this Bill are —

(1) No new industrial unit can be established or substantial extensions to existing plants made without a licence from the Central Government and while granting licences for new undertakings Government can lay down conditions regarding location minimum size etc if necessary

(2) Government can make investigations into certain specified industries or undertakings in industries (a) which show a fall in production a deterioration in the quality of the product a rise in the price of the product or which show tendencies in these directions (b) which use resources of national importance and (c) which are managed in a manner likely to do harm to the interests of the shareholders or consumers and issue proper directions for rectifying the drawbacks

(3) Government can take under its own management undertakings which fail to carry out its instructions for improvement in management and policies

22 All these powers are to be exercised by Government through a Central Board consisting of three persons having wide experience in industrial commercial technical or judicial matters or in administration and appointed by it The Central Board is also empowered to exercise control over capital issues in the industrial sphere These powers would be of considerable use in directing the limited resources of manpower materials and finance into desired channels and for ensuring the general efficiency of industries Under the Bill as it stands at present the Central Board is entitled to make

investigations to take over the management of recalcitrant undertakings and to sanction capital issue only in respect of a limited number of industries It will be very useful if the Central Board is endowed with authority to use these powers in respect of all the important industries

DEVELOPMENT COUNCILS

23 There is at present no machinery for enabling private industry to play its part in planned national development The question of development and regulation of industries has therefore to be considered not so much from the point of view of how Government should exercise certain powers in relation to industry as of the kind of machinery which can work from within each industry and help to bring about a steady improvement in the standards of productivity efficiency and management It is only by establishing a system of management which is efficient in itself and i seen to function in the interests of the community as a whole that a system of private enterprise can in future gain the confidence of the public It is therefore necessary to provide for the establishment of such suitable machinery for planning in industry Development Councils one each for the important industries consisting of the representatives of industry labour and technical management and appointed by Government would achieve this end They would also rve as an effective link between the Central Board and the industries In addition to advising Government these Councils hould perform the following functions —

(1) recommend targets of production for securing fuller utilisation of installed capacity

(2) suggest norms of efficiency with a view to eliminating waste obtaining maximum production improving quality and reducing cost

(3) recommend measures for improving the working of the industry particularly of the inefficient units and

(4) help in devising a system of distribution and sales which would satisfy the consumer

The Development Councils would thus be capable of dealing with all the important problems which confront industry today Obviously each Development Council in order to perform its functions satisfactorily would need an adequate administrative and

technical staff which should be provided by Government In course of time the staff of these Councils would secure valuable knowledge regarding the administration of the different industries and their problems and as such would constitute a pool which could be drawn upon by the State for managerial assignments

FINANCE FOR DEVELOPMENT

24 In 18 important industries representing a large proportion of the present industrial investment and covering a fairly representative cross section of the whole industrial structure which have been studied the capital cost of expansion programmes roughly amounts to Rs 125 crores However in some instances plant and machinery needed for development have already been secured and in others construction of works has also made substantial progress To this extent the actual investment that might be necessary for achieving the targets of production in these industries would be of a smaller order than the estimated figure But against this must be set the needs of industries not yet studied It may therefore be estimated that the investment which would be necessary for achieving the targets of production in the entire private sector of industry would be of the order of Rs 125 crores

During the last three years private industries have been able to secure on an average Rs 12 to 15 crores per annum from the capital market Assuming that the investment market improves industry would be able to raise Rs 80 to 90 crores from this source over the next five years The Industrial Finance Corporation the Industrial Investment Corporation in Madras and similar institutions which are likely to be set up in other States should be expected to supplement these resources by Rs 10 to 15 crores Nevertheless the needs of some of the important projects would remain unsatisfied Where for instance the amount required by a single unit is very large as in the case of steel or where besides being large the capital is not likely to yield any return for a long period as in the case of ship-building adequate finance would be difficult to secure In such cases if the industries concerned are of basic importance Government would have to provide the necessary assistance directly or through some other agency like the Industrial Finance Corporation The form in which such assistance is made available that is whether by participation in capital or by granting loans or through some other means and its extent may be determined in the light of the circumstances of each case

Finance for Replacement

25 The major problem of industrial finance is not so much the capital needed for new expansion as that needed for renovating and modernizing the plant and equipment of the existing industries During the war although the productive capacity of the industries was put to the maximum use even normal replacements could not be made In the meanwhile there was a substantial rise—three to four times the pre war level—in the prices of capital good and the cost of meeting the arrears of wartime replacement increased in proportion The accumulations in the depreciation fund which are based on the original value of the plant are very inadequate for the purpose and the other reserves have become locked up in working capital The arrears of depreciation at the end of 1949 50 may be between Rs 100 to 150 crores As against this the only source from which the industry can expect some assistance i the E P T deposits amounting to Rs 60 crores But since a portion of these deposits is now being released to meet the needs of working capital the amount that could be made available to cover arrears of depre ciation would tend to be small unless the prices of raw materials register a significant decline Becau e of the practical difficulties of securing the finance needed for wiping out the arrears of depre ciation it is inevitable that the process would be spread over a period of years And ultimately industry would have to rely on its own resources for the purpose The additional rates of depreciation allowance on new machinery which are allowed under the Income Tax Act should provide an in entive in this direction

Foreign Capital

26 When finance is the main handicap in the progress of industry a free flow of foreign capital should naturally be welcome parti cularly because it would ensure the supply of capital goods and technical know how and make it possible to utilize foreign patented processes From the point of view of industrial development it would be best if foreign investments in the country take the form of equity capital

27 By providing the necessary incentive to foreign investors this form of capital would facilitate the flow of capital goods and bring in industrial know how technical personnel and business experience and organisation which would all be useful The inflow of capital in this form ho ever needs beside the prospects of a fairly good return certain assurances in regard to equality of treat ment facilities for transfer of profit compensation in case of

nationalisation etc These have been expressly provided under the policy announced in April 1949 The main features of this policy are —

(a) no discrimination would be made between foreign and Indian undertakings in the application of general industrial policy

(b) reasonable facilities consistent with foreign exchange position would be given for the remittance of profits and repatriation of capital and

(c) in case of nationalisation fair and equitable compensation would be paid

Since investment of foreign capital also necessitates the utilisation of indigenous resources which are limited it is desirable that such investment should take place in certain specific fields Broadly it might be stated that foreign investment should be permitted in spheres where new lines of production are to be developed or where special types of experience and technical skill are required or where the volume of domestic production is small in relation to the domestic demand and the indigenous industry is not likely to expand at a sufficiently rapid pace The system of joint enterprises under which a number of foreign concerns have established new industries in the country in collaboration with Indian businessmen appears to be suitable for securing the employment of equity capital Agreements for such joint participation between foreign and Indian concerns should be subject to the approval of the Government The share of national capital in joint enterprises the facilities for the training of Indians the disclosure of patented processes to Indian associates etc are matters in respect of which no hard and fast rules need be prescribed

Besides equity capital it is also desirable to obtain fixed interest capital through official or quasi official institutions such as the International Bank for Reconstruction and Development and the Export Import Bank in the USA The International Bank has already granted loans amounting to 62 5 million dollars to India but these are for agricultural and power projects and for purchase of locomotives The Bank should be invited to consider financing of specific industrial schemes of high priority requiring a large amount of foreign exchange for purchasing machinery and equipment

Control of Capital Issues

28 The total amount of capital which would be available for industrial investment being limited it is necessary to exercise an effective control over capital issues with a view to canalising funds in the desired fields For this purpose the control over capital issues which has played a negative role so far would have to be exercised with a positive objective As a result of the Industries (Development and Control) Bill this task would not be difficult since only those industries which receive the necessary licence would be entitled to raise capital in the market There will have to be close coordination between the machinery for control of capital issues and the Central Industries Board While according sanction for new issues the order of priority laid down in para 15 above should be followed and the capacity of the capital market should be taken into account To make the control sufficiently comprehensive and effective the exemption limit should however be lowered

Industrial Management

29 If the industrial development of the country is to proceed along sound lines in addition to the measures suggested above it is necessary to change the present system of industrial management in the private sector in important respects The managing agency system under which industries are controlled and operated by independent firms has in recent times disclosed a number of features which are harmful to the growth of industry in future The working of the managing agency system and the extent of the abuses which it has brought into prominence during the post war period require to be carefully investigated before any drastic changes in the system are made This is being done by the Company Law Committee at present In the meanwhile measures should be taken to prevent unscrupulous elements from making large investments in the shares of other concerns with a view to obtaining control of their management

CHAPTER 12

SMALL SCALE INDUSTRIES

Introduction

Small scale industries have broadly to the distinguished from large scale or medium sized industries according to the size capital resources and labour force of the individual unit Small scale industries may also be distinguished from cottage industries in that the former are mainly located in urban centres as separate establishments while the latter are generally associated with agriculture and provide subsidiary employment in rural areas Small scale industries can further be distinguished from cottage industries in that the former produce goods with partially or wholly mechanised equipm nt employing outside labour while the latter involve operations mostly by hand and are carried on primarily with the help of the members of the family

The Case for Small Scale Industries

2 The importance of small scale production in the predominantly agricultural economy of this country need hardly be stressed Reference has already been made to the Directive Principle of State Policy in the Constitution of India laying down that the operation of the economic system should not result in the concentration of wealth and means of production to the common detriment What is es ential for economic development on democratic lines is a diffusion of sources of power and instruments of production which would release new springs of energy among the people and make them participate actively in however small a sphere in the functioning of a planned economy It is now widely recognised that local autonomy and devolution of economic power are imperative in order to offset over centralisation which saps initiative and enterprise Small scale industries are also essential to provide subsidiary or alternative occupations and to utilise local raw materials or cater to local markets As many of the small scale industries are urban and are owned and run by small proprietors who are familiar with the techniques of production and have limited resources of their own they constitute an important source of employment to the middle classes

3 The prevailing scarcity of capital for promoting large scale industries and the plentiful supply of labour are also factors which favour the development of small scale industries Besides the necessity of avoiding or reducing the cost of transport involved in long haulage of raw materials or finished products of centralised industries would also necessitate the setting up of small but efficient units of production at suitable locations The low purchasing power of the mass of the people tends to restrict the market and the scale of production in certain spheres and the needs of the people have therefore to be met in several directions by production on a small and frequently on a semi mechanised scale At the same time the progress of cottage and small scale industries would itself open up local resources and expand local markets Their development has therefore to be considered not merely from the point of view of providing employment but also of building up local industries capable of expansion and of diversifying production and domestic market Small units exist and thrive even in highly industrialised countries side by side with large scale industries either on their own or in conjunction with larger units the small units serving as feeders to the larger ones

Fields in which Small Scale Industries have so far developed

4 During the war years when imports were restricted many small industries were established in the country which have subsequently developed to a smaller or greater extent under scarcity conditions created by the balance of payments difficulties Among these may be mentioned small engineering industries particularly in and around Calcutta industries for the manufacture of textile accessories such as bobbins and pickers the manufacture of bicycle components and accessories in East Punjab and West Bengal and several other miscellaneous industries engaged in the production of buttons pencils fountain pen ink slate and slate pencils preserved fruits sago etc Among the older small scale industries which have withstood foreign competition and have been able to establish themselves are the silver thread and wire (jari) industry in Surat (Bombay) and the bangle industry in Firozabad (U P) and a few other centres Again in the art silk industry a number of small units using power looms have developed in recent years in different parts of the country Small re rolling mills and foundries are also fairly widely spread throughout the country and are engaged in the manufacture of various types of engineering goods In the teel industry in particular the small scale units producing steel castings have a definite place in catering to local needs especially in a country of vast distances involving transport both of scrap and

finished or semi finished goods Similarly in the field of textile manufacture small spinning machines have been evolved The possibilities of adopting such techniques and machines on a wide scale should be examined

PROBLEMS OF SMALL SCALE INDUSTRIES

5 The main problems and difficulties of small scale industries may be stated to be —

(a) competition from imported articles and from large scale units within the country

(b) shortage of suitable raw materials

(c) paucity of requisite finance

(d) lack of machinery and equipment suited to small scale industries

(e) inferior quality and standard of production and

(f) absence of producers organisations to put forward their case before the appropriate authorities

These problems are capable of solution both by voluntary action on the part of industry and by suitable assistance from Government

(a) *Competition*—The list of imported articles should be care fully scrutinised with a view to ascertaining the lines of production which have already been developed by small scale industries in the country and which can be undertaken in future with necessary assistance and encouragement In regard to competition between small scale industries and large cale industries within the country such competition is likely to arise in respect of certain consumer goods In such ca es the programme of production can be so devis ed as to provide for (i) definite quotas out of the consumption chedule of the country being set apart for small scale industrie in respect of those goods which can be had from both categories of industries (ii) production of the various parts of an article by the small scale units in a particular industry the parts being assembled in large scale factories and (iii) the establishment of new units in a particular line of production being allowed by small uni s instead of by large scale units

(b) *Raw Materials*—In view of the fact that small scale industries have not yet organised themselves into well knit associations for the promotion of mutual interests the Central and State Governments should see that necessary quotas of raw materials such as pig iron steel bars and billets yarn dyes and chemicals machinery and equipment as the case may be are allocated to small scale industries This applies equally to such raw materials as have to be imported and are required by the small scale industries

(c) *Finance*—At present financial assistance to small scale industries is rendered by State Governments under the State Aid to Industries Acts or Rules for Grants in Aid and similar regulations The establishment of Industrial Finance Corporations in the States would provide a channel for assistance to small scale industries It is desirable that wherever conditions permit such Corporations should be set up whose primary aim should be to assist medium sized and small scale industries

(d) *Machinery and Equipment*—In view of the limited capital resources of the small entrepreneur there is urgent need for the manufacture within the country of machinery suited to small sized units for the purpose of increasing production and reducing costs One way of bringing out latent talent and inventive faculty would be to establish central workshops in suitable localities if necessary under Government auspices and where possible in co-operation with large engineering establishments

(e) *Standards and Quality*—It must be recognised that many of the small industries which were started during the war in conditions of scarcity took advantage of a sellers market and have not adhered to the requisite standards in their production Such industries can eventually survive not through continuous spoon feeding but on the basis of their efficiency It is therefore essential to introduce standardisation adopt new working methods utilise better tools and techniques train labour and improve equipment and organisation The central workshops whose establishment has been suggested in (d) above should go a long way in achieving these objectives The importance of applying technology in the development of small scale industries should be fully recognised Research in design and techniques is no less necessary for small scale than for larger scale industries and various technical problems thrown up by such industries should receive the prompt and careful attention of national laboratories and institutes

(f) *Organisations of Small Scale Producers*—The inherent weakness of the existing small scale industries is the absence of well organised associations representing such industries capable of placing their case before the proper authorities in regard to their difficulties and problems It is therefore necessary to organise associations of small scale manufacturers Eventually such small scale units depend upon initiative and enterprise which has to be encouraged and facilities such as power and communications should be made available to them These associations of small scale industries can assist the constituent units in consultation with the Departments of Industries in the States and the Development Wing of the Ministry of Commerce and Industry at the Centre in respect of the following matters supply of raw materials and components supply of modern samples and designs supply of modern tools and implements including those needed for finishing processes facilities for the training of artisans and their children in the manipulation and use of up to date machinery and equipment technical assistance for the improvement of manufacturing processes quality control credit facilities both for the purchase of raw materials and the marketing of their finished products market research etc

Need for a Survey of Small Scale Industries

6 The ill organised state of small scale industries is one of the main reasons for the absence of reliable information in regard to the total capital invested or the total number of workers employed in such industries at present In fact a detailed survey has not so far been undertaken to ascertain the conditions and problems of small scale industries as such and it is essential that this work should be undertaken without delay by the Ministry of Commerce and Industry in close co-operation with the Departments of Industries in the various States Technical assistance where necessary could be obtained from international agencies for this purpose

Lines of Future Development

7 It cannot be gainsaid that the action hitherto taken for the promotion of small scale and cottage industries has been inadequate and haphazard It is essential that Departments of Industries in the various States should take an active and continuous interest in the needs and problems of small scale industries and should render positive assistance in financing marketing technical training and advice Specific schemes should be worked out for the development of existing small scale industries and for the establishment of new

ones in selected centres In the U K the establishment of trading estate has been a fruitful experiment and efforts should be made by State Governments to see whether such estates under suitable conditions can be established in favourable localities Such trading estates for example could be promoted as part of the programme for rehabilitation of displaced persons and loans for rehabilitation could be linked up with a programme of development of small scale industries Such estates might offer inducement to private capital for industrial investment on a small scale Investigations could be begun in respect of selection of sites for the establishment of trading estates the types of industries which should be diverted to these estates the probable investment that would be necessary and other factors bearing on development of small scale industrial enterprise In this development the provision of adequate and cheap power as well as of transport facilities is essential The development of the multi purpose projects would secure increasing supplies of power and it is necessary to work out a co-ordinated scheme of development of small scale industries in such areas where power would be available Some study has been made of this question in different areas but it is essential to have a thorough survey and a programme laid down which would not only utilise available power but would also fulfil social objectives of such large scale projects

Integrated Programme of Production by Small Scale and Large Scale Industries

8 Small scale industries have in many countries particularly *in Japan helped in the expansion of production by supplying to* large scale units components which are required for the final product In many cases the initiative has come from the larger units themselves which found that the components were such that their manufacture could be undertaken more economically either by hand labour or in small units in neighbouring areas rather than in the large factory itself In fact an integrated programme of such development of small scale and large scale industries has been worked out in Japan where even highly developed industries are fed in respect of components and accessories by small units In this country the tendency for the large scale industries has been to manufacture most of the components in their own factories This has been due to several factors such as the absence of ancillary industries and the desire of the manufacturers to be self-dependent but this has led to increase in the aggregate cost of production There are however some industries where component parts are manufactured by small scale industries a conspicuous example of which is the bicycle industry to which reference has already been

made This principle can also apply in a larger degree to the automobile industry The Expert Committee on the Automobile Industry appointed by the Government of India in its report (1951) has made an important recommendation in this behalf namely that small manufacturers of automobile components should be persuaded to work in conjunction with the larger manufacturers who can provide the necessary assistance to improve their products It is suggested that wherever a large scale industrial unit is to be set up the Department of Industries in the State concerned should immediately investigate in consultation with the promoters of the large scale scheme the practicability of assigning specific jobs as mentioned above The Development Wing of the Ministry of Commerce and Industry should also render assistance in working out practical schemes for this purpose Financial assistance either from the Central or the State Governments can be linked up with such schemes It is also essential to examine whether and in what manner processes of existing industries can be decentralised without detrimental effects on production This study has to be made industry by industry in different regions The scope of such decentralisation may be limited because of technical and economic difficulties But it should be recognised that small industries wherever possible are linked up with large scale production in such a way that they develop along with the large scale units and contribute to aggregate production The production plan for large and small scale industries should be conceived and worked out as an integral one in which cottage industries small scale industry and large scale industry would all contribute to augment production and diversify the economy of the country

CHAPTER 13

TRANSPORT AND COMMUNICATIONS

INTRODUCTION

THE important role of transport as an integral part of the economic system is widely recognised Cheap and efficient transport is *indispensable for the economic development of the country* Different modes of transport such as railways inland waterways coastal and overseas shipping and civil aviation all contribute to such development in a variety of ways In an under-developed country of vast distances like India with a majority of its population dependent on agriculture and with industries in various stages of development all forms of transport exist side by side—from the primitive bullock cart to a modern constellation

2 Plans for different forms of transport cannot be considered in isolation They must fulfil the fundamental objectives of matching transport development with various industrial and agricultural plans and they must be so built up that one form of transport is correlated with another and ensures its development each in its sphere of effective service During the last one hundred years greater emphasis was laid on the development of railways owing to administrative and strategic reasons with the result that roads and waterways came to be neglected Another reason for the unbalanced development of the transport system in the past was the division of functions in regard to different types of transport as between the Centre and the States

3 The conception that different forms of transport are parts of an integral system has developed gradually During the last war for example alternative forms of transport of goods and men were needed to relieve the congestion on railways Moreover the degree of decentralisation of industries will depend to a large extent upon the means of transport of both raw materials and finished products and from this point of view the development of roads waterways and railways should occupy an important place in any plan for increasing agricultural and industrial production The programme of railways during the next five years is primarily one of rehabilitation The road plan which has been handicapped by

financial stringency has to be a co-ordinated one India is also favourably situated in respect of navigable rivers As a first step in the development of inland waterways Government have decided to establish the Ganga Water Transport Board for developing navigation on the river Ganga Coastal shipping can supplement railway transport The problem of co-ordination of the e two systems raises several important issues such as the correlation of freight rates establishment of joint services implied in through routes and joint rates and control of competition to prevent each agency from attempting to invade the field of operation in which the other agency can provide a better service or perform a given service at a lower cost Fundamentally the problem is to ensure when normal conditions return that there is sufficiency of suitable traffic and that both these forms of transport are able to pay their way without undue burden on the public Civil aviation although a more recent form of transport in this country has developed rapidly during the post war years and presents problems of rationalisation and co ordination with railways which also deserve examination It is necessary that all central plans for the development of transport hould be reviewed by a central body in the interest of over all co-ordination

4 The Plan makes provision for the development of railways roads shipping and civil aviation as briefly outlined in the following paragraphs

RAILWAYS

5 The programme for railways for the next five years is intended mainly to bring about a degree of operating efficiency which will compare favourably with pre war standards In the last two decades with the exception of a few years the railways have not been able to maintain their normal expenditure on maintenance and renewals During the depression the problem was mainly financial as the prevailing economic conditions led to a decline in the revenues of the railways and forced them to reduce their capital outlay to the minimum In the period of the War as well as in the post war years however the problem has been two-fold shortage in supplies of equipment and increase in traffic This combination of circumstances has reacted adversely on the operating efficiency of railways and left them with considerable arrears

6 The magnitude of the arrears in maintenance and replacement expenditure will be evident from the fact that about one-third of the locomotives and about one fourth of the coaches and

goods wagons in service in 1950 were over age Considerable renewals in track are necessary as the arrears in this respect have already compelled the imposition of speed restrictions in several important sections of the railways

7 The large increase in traffic has aggravated the problem created by the arrears in maintenance and replacement expenditure Passenger traffic has increased to nearly 2[1] times the pre-war level If the passenger accommodation enjoyed by the public in 1938 39 is taken as a standard even doubling the existing stock of passenger carriages will not be sufficient to provide the required accommodation for the existing traffic The efficiency in wagon capacity judged in terms of the present goods traffic is about one seventh of the present effective capacity A measure of the inadequacy of wagon capacity is afforded by the inability of the railways to accept the traffic offering the volume of traffic awaiting to be moved has increased recently from about 58 000 wagon loads in the middle of 1950 to over 106 000 wagon loads by the middle of 1951

8 In addition lines dismantled during the war have to be restored improvements in signalling and inter locking have to be made in the interests of safety better passenger amenities have to be provided and measures taken for the welfare of essential staff

9 These items of expenditure would absorb most of the resources earmarked for the railways in the first part of the Plan (i e Rs 200 crores in addition to the estimated expenditure of Rs 150 crores arising from the depreciation of assets in the period of the Plan) and would leave very little for expansion With the additional Rs 100 crores provided in the second part of the Plan it will be possible to undertake some of the more urgent schemes of expansion Given the financial limitations and in view of the large demands the rehabilitation programme will itself make on the available technical personnel a more ambitious programme of railway expansion may have to wait till the next stage of development

SHIPPING

10 The Shipping Policy Committee (1947) had recommended that the target for the subsequent five to seven years should be a total tonnage of 2 millions and had suggested a breakdown of this target for different categories of trades This target has not been achieved although the total Indian owned registered

which was 2 45 000 before the war and 1 27 088 in 1946 increased to 3 77 500 by the end of 1950 There are at present 71 ships with a gross registered tonnage of 2 05 717 on the Indian coast More than half the coastal fleet is over 20 years of age It is essential how ever that in order to implement the programme of coastal reserva tion to replace obsolete tonnage on the coast and ensure fuller par ticipation in the overseas trade of the country Indian tonnage should be expanded Owing to the condition of the investment market during the last three years and the fact that the Indian shipping companies have not been able to build up the necessary reserves they need financial assistance for acquiring tonnage The importance of shipping in a country with a large coast line and a large maritime trade need hardly be stressed the present food situation has served to emphasise the vital role which shipping plays in the economic life of the country including its balance of payments Moreover a mercantile marine is a second line of de fence in times of crisis and serves not only as an auxiliary and a training ground for the navy but is also indispensable for the car riage of essential supplies during wartime Government have al ready decided to reserve the coastal trade of India to Indian ves sels a public demand made nearly 25 years ago They have also been assisting the shipyard at Visakapatnam which indirectly serves to strengthen the mercantile marine In order however to expand Indian tonnage provision has been made in the first part of the Plan for Rs 14 9 crores over a period of five years The pro- gramme as outlined after consultation with the Ministry of Trans port provides for the acquisition of about 60 000 tons for the coastal trade with the help of Government loans amounting to about Rs 4 crores and about 1 25 000 tons for the overseas trade with loans amounting to Rs 6½ crores It also provides for investment by Government of about Rs 4¼ crores to enable the Eastern Shipping Corporation which was set up for assisting Indian shipping to participate in overseas trade to acquire 60 000 additional tons of shipping In view of the prevailing difficulty in purchasing ships in the open market or of building them in foreign shipyards Govern ment should assist Indian shipping companies in securing suitable tonnage including tankers Assistance might also be possible from the International Bank for Reconstruction and Development for acquisition of tonnage specially in view of the importance of ship ping for the transport of food The programme of expansion of Indian tonnage has to be linked up with the scheme of develop ment of the shipyard at Visakapatnam so that its capacity is fully utilised

11 Since Government would be extending financial assistance to shipping companies in order to expand their tonnage they

should maintain a continuous watch with a view to ensuring that the coastal rates of freight and passenger fares are reasonable that the companies plough back their profits into the industry for pu poses of replacement and renovation and that the management is efficient and progressive

12 It is necessary to point out that this provision of Rs 14 9 crores is in addition to Rs 12 crores provided under the head Large Scale Industries for assisting and acquiring the shipyard at Visakapatnam and which also go to strengthen the Indian mercan tile marine Provision has also been made for expenditure on marine engineering and merchant navy rating training schemes which are designed to secure the necessary pool of officers engineers and crew for Indian shipping All these measures would help in realising the objective of a fairly adequate and balanced national mercantile marine

Civil Aviation

13 India is favourably situated for the development of air transport both internal and international In the internal field with her vast distances and good flying conditions during the greater part of the year there is considerable scope for this mode of transport Almost all the important administrative industrial and commercial centres of the country are at present connected by air The night air services which connect the four principal cities form an important part of the airline net work and fill a long felt need There is however room for more intensive operation on the existing main routes as well as extension to less important towns In the international field India occupies geographically a most significant position as she is astride the world air routes between the East and the West This throws upon the Government of this *country the obligation to maintain ground services of certain pres* cribed standards for the use of these international air services India for her part is operating with a considerable measure of success international services to the West and the East In emer gencies civil air transport can play a vital part The part played by air services in refugee evacuation after the Partition and in West Bengal and Assam in 1949 50 and in relief and other opera tions in Assam after the earthquake and floods shows the import ance of this form of transport Finally there is the defence aspect of civil aviation All civil aviation (equipment personnel and or ganisation) is a reserve for the Defence Services which could be mobilised quickly and made available during an emergency For all these reasons India s future plans of development have to take

into account civil aviation Roughly the capital expenditure on Civil Aviation development until the end of the financial year 1950 51 was of the order of Rs 10 crores The expenditure was for the provision of aerodrome organisation including runways hangars passenger buildings lighting etc communication organisation which provides the radio aids for air navigation inspection organisation which relates to the supervision and check of air worthiness of aircraft and other technical equipment and competence of personnel and training organisation which includes the Civil Aviation Training Centre at Allahabad

14 *As part of their post war plans of development Government had drawn up a plan for developing controlling and regulating air transport The main features of this plan were —*

(a) *the development and operation of air transport services would be left to private commercial organisations*

(b) the operation of scheduled air services would be subject to licensing by a body called the Air Transport Licensing Board to be set up for the purpose

(c) all the main air services in India should be operated by about four companies and

(d) Government might give financial assistance to the operating companies in specific cases

After the end of the War a large number of companies were floated for the operation of air services The wartime boom in air traffic had created an impression that commercial air transport operation was a very profitable enterprise especially as war surplus stocks made available certain types of air craft at very low prices These conditions gave an impetus to the floatation of aviation companies and a number of applications were made to the Air Transport Licensing Board for licences for the operation of internal air services By the end of 1949 nine companies had been granted licences for the operation of air services It soon became apparent however that the financial condition of most of the companies was not reassuring and Government appointed the Air Transport Inquiry Committee to investigate the condition of the companies and to make recommendations to Government for putting the air transport industry on a firm basis and for developing commercial air transport on sound lines From the report of this Committee it is evident that the financial position of the industry

as a whole is far from satisfactory and that the main reason for this is that the number of operating units is larger than that required to conduct the available volume of air transport business on an economic basis The Committee has made recommendations for improving the existing position and Government are taking steps to give effect to most of these recommendations

15 The plan for the development of air transport during the next five years may be considered in two stages namely for the first two years of 1951 52 and 195 53 and for the next three years 1953-54 to 1955-56 For the first two years the amount of capital expenditure allotted is Rs 1 85 lakhs per annum This is made up of about Rs 1 50 lakhs for works and the rest for equipment For the second period of three years the total allotment made is about Rs 9 67 lakhs The expenditure will have to be properly phased during the period the amount spent during the last year being in the neighbourhood of Rs 4 00 lakhs About 70 per cent of the allotment is in respect of works the remaining being for several items of technical equipment

16 All the internal air transport operations in India are at present carried out with Dakotas and Vikings It would be necessary for the operating companies to replace these aircraft by more modern machines before the end of the planning period In the international field also it might be necessary for the Air India International to go in for jet types of aircraft The additional capital expenditure estimated for this purpose is of the order of Rs 5 crores While the measures which have been and are proposed to be taken by Government for the re-organisation of the air transport industry are expected to result in an improvement in the financial conditions of the air companies it might be necessary for Government to assist the air companies in regard to the replacement of their fleet Such assistance may be in the form of interest bearing loans or through Government participation in the share capital of the company concerned or through any other suitable method The Plan provides for this purpose a sum of Rs 2 5 crores during 1953 54 to 1955-56 the terms on which assistance is to be given being determined at the appropriate stage

Roads

17 Roads are a service for all forms of development whether of agriculture trade or industry In the development of roads a national conception is necessary not only because of their strategic importance but also because of the need for co-ordination

different types of roads This was recognised in the Nagpur Plan which emphasised that schemes already developed by the Centre and the States should be based on the consideration of the road system of India as an integral whole and that development should be balanced as between different categories of roads and should proceed in a planned sequence having regard to the requirements of traffic That plan visualised the development of a total mileage of *hard surface roads from about 66 400 miles to 1 20 600 miles of* low type roads from about 1 12 000 to 2 07 500 miles and also the improvement of the existing roads wherever necessary so that the roads would cater for the needs anticipated for the next 20 years The objective underlying the Nagpur Plan was that no village in a well developed agricultural area should remain more than 5 miles from a main road while in a non agricultural area no village should remain more than 20 miles from a main road It was a *fundamental* of this programme that *no road should be considered* by itself but as *part of a network* *The expenditure target of this* 10 year plan was of the order of Rs 300 crores Owing however to shortage of materials scarcity of trained men and above all to financial stringency the programme had to be drastically reduced Some of the national highway schemes have not been sanctioned others which were approved have had to be held in abeyance and expenditure on many of the works in progress has had to be slowed down The expenditure incurred on road development during the three years ending 31st March 1950 in Part A States was Rs 22 83 8 lakhs in Part B States Rs 3 70 2 lakhs and in Part C States Rs 57 2 lakhs making a total of Rs 27 11 2 lakhs for the country as a whole Against the Nagpur Plan target of Rs 611 crores for roads other than national highways this expenditure of Rs 27 11 crores represents a little less than 5 per cent progress in three years out of ten In view of the paucity of funds it is evident that progress in road development cannot take place at the rate envisag*ed in the* Nagpur Plan but it is important that it *should be steady* balanced and continuous

18 Priority in the development of roads has to be determined in relation to plans of development in other spheres in the light of national and local resources and needs Roads which assist production and especially agricultural production should have a high priority in our existing conditions This has been recognised by some of the States such as U P where their development forms a *part of schemes of rural reconstruction.* It is evident that such roads as are feeders to railways or which relieve congestion at certain junctions and help to open out the country have to be given preference Priorities within the State have to be determined by

the State itself And it is evident that such priority would tend to differ in different States In West Bengal for instance owing to the partition of the province the construction of roads has a particularly high priority Many of the previous roads were from east to west while now they have to connect the north and the south without which there are certain pockets which cannot be easily reached and whose surplus produc cannot be made available to other parts of the State Similarly in order to provide customs posts and watch and ward service over th frontier with Pakistan roads have to be constructed

19 The total length of provisional national highways in the country is about 13 400 miles Out of this about 11 800 miles of roads exist at present and there are missing links of about 1 600 miles The Five Year Plan provides for taking in hand the construction of 750 miles of road out of the e missing links At the end of five years it is expected that about 400 miles of these new roads will be completed and about half the work on a length of 350 miles will have been done There are about 112 missing bridges (costing about Rs 5 lakhs or more each) on the national highway system The Five Year Plan provides for taking in hand the construction of 60 of these major bridges Out of these roughly 40 are expected to be completed in five years and the remaining 20 will be in various stages of progress at the end of the period Out of the existing length of 11 800 miles of provisional national highways 4 300 miles have got an improved surface and the length requiring upgrading is about 7 500 miles The Five Year Plan provides for the upgrading of approximately 2 00 miles of road surface Many of the exi ting bridges are not capable of carrying heavy loads and will require reconstruction This work however will be taken up only after all road lengths and bridges are provided at the missing links and unbridged cro sings It will therefore be seen that the order of priority in respect of national highways is (a) provision of missing road links which is of primary importance (b) improvement of road surfaces to meet the present demand of traffic and (c) reconstruction of old bridges for making them capable of taking modern loads

20 State highways whose programme is determined by the States themselves are linked with national highways and with them constitute a single road system. At present the States finance the construc ion of roads from (a) the Central Road Fund and (b) State revenues The Roads Organisation at the Centre is consulted by States Governments in connection with road programmes

With a view to ensuring continuous and balanced road develop ment in the States it would be useful if road programmes in the States were drawn up with the help of Advisory Road Boards

21 As regards village roads the broad aim should be to connect all villages of a certain size and population with marketing centres and district headquarters The absence of village roads is a serious drawback in the system of communications State Govern ments should pay special attention to the construction and main tenance of these roads and for this purpose enlist the cooperation of villagers In certain States village roads are in fact being developed with the active cooperation of the villagers themselves who contribute one third of the cost of construction the balance of two thirds including materials equipment etc being contributed by Government There is considerable scope for development of village roads on a cooperative basis by mobilising the local popu lation for local projects

2 The principal difficulty in the development of roads in recent years has been the paucity of finance A certain continuity in the supply of funds is essential if wasteful expenditure is to be avoid ed and programmes however modestly they be drawn up are to be pursued without interruption

23 A sum of Rs 23 crores over a period of five years has been provided in the Central Government Plan for the development of roads The provision required for missing bridges and road links on the routes to which the Roads Organisation has given a high priority is approximately Rs 29 crores while Rs 6 crores have been provided for replacing dangerous bridges and for widening of roads and upgrading of road surfaces In fact works worth Rs 34 crores will be in progress during the five year period out of which provision has been made for Rs 23 crores which is the amount that is expected to be spent during the period of the Plan The total provision for road development in the plans of the States is Rs 94 11 crores

Road Transport

24 Some of the States own and operate road transport services and also propose to extend them The provision for road transport in the Plan comes to Rs 5 6 crores for Part A States Rs 1 6 crores for Part B States and Rs 20 lakhs for Part C States making a total of Rs 7 4 crores for the country during the period of five years Of

these Bombay and U P Government have already a well developed road transport organisation and Bombay operates its services through a State Road Transport Corporation It is essential that wherever road transport services are run by the States a Corporation should be formed for the purpose as that would provide the necessary autonomy and would lead to more efficient administration It is also necessary that the vehicles used by the State Transport Services should be standardised and their programme of replacement or expansion co-ordinated with the development of the automobile industry within the country One of the principal difficulties of the road transport organisation has been the paucity of technical men and all possible steps should be taken for training personnel within the country or abroad under suitable technical training schemes It is also important to provide for automobile workshops with a view to ensuring proper maintenance and repair services from the point of view of efficient transport

CHAPTER 14

LABOUR AND INDUSTRIAL RELATIONS

THE working class performs functions vital to the maintenance of the community's economic life Certain rights and obligations are associated with this distinctive role The worker should at least have the means and facilities to keep himself in a state of health and efficiency This is primarily a question of adequate nutrition and suitable housing conditions The working conditions should be such as to safeguard his health and protect him against occupational hazards The work place should provide reasonable amenities for his essential needs The worker should also be equipped with the necessary technical training and a certain level of general education Having placed his assets—labour and skill—at the disposal of the community he should be assured of a reasonable measure of security against the various natural and other risks to which he is exposed In his relations with the management it is necessary that he should be treated with consideration When he feels he cannot get a fair deal from his employer he should have access to an impartial machinery set up for the purpose The worker must be free to organize and to take lawful action in furtherance of his rights and interests The community has recognised most of these rights which have found place in the Constitution While legislative and other measures are inevitable to an extent to meet the peculiar difficulties of the industrial workers any tendency to treat them as a class standing apart would not be healthy The workers must of course as members of the community have the full benefit of the social services and facilities available to any other section Appropriate measures must be taken to remove their special handicaps

2 The process of improvement of the economic conditions of the working class though actively encouraged by the State in the post war period has been seriously hampered by the rising price level and the failure of industry to renovate and modernize plant and rationalize management in many cases Living conditions particularly in respect of housing accommodation in most of the industrial areas have deteriorated Strenuous efforts have been made by the Ministry of Labour during the last five years to promote the well being of the working class in all these directions on the basis of a planned programme of legislative and administrative action a major part of which has been successfully realised Implementation of some of the measures however has not been effected for a

variety of reasons Trade unionism has experienced a remarkable growth during these years but the progress has not been even

3 On the side of labour there is an imperfect realization of the fact that in an undeveloped economy it cannot build for itself a better life except on the foundations of a higher level of productivity to which it has itself to make a substantial contribution Labour will be serving itself best by the observance of greater regularity discipline and meticulous care in the discharge of its duties To ensure this much greater attention has to be paid to the spread of literacy and a healthy development of trade unions so that workers are not exposed to exploitation and can act with a growing sense of responsibility It is also essential that workers must be satisfied that they are having a fair deal

4 Industrial relations wages working conditions employment and training and productivity are among the important aspects of the labour problem which need consideration

Industrial Relations

5 Peace in industry is essential for the realisation of the targets of the Plan in the industrial sector This would be assured to a large extent if it were possible for management and labour to come to an agreement regarding the principles which should govern industrial relations To this end we have worked out certain proposals in consultation with the Ministries of Labour and Commerce and Industry on the basis of which agreed conclusions have been reached in the Industries Development Committee composed of representative employers and leaders of the principal workers organisations in the country

6 The efficacy of any scheme of industrial relations depends ultimately on how far it can help the working class to improve its status and advance towards a better life The employer worker relationship has also to be conceived of as a partnership in a constructive endeavour to promote the satisfaction of the economic needs of the community in the best possible manner The dignity of labour and the vital role of the worker in such partnership must be recognized In dealing with the worker it has not only to be borne in mind that his energy and skill are the most precious assets of the nation but also that his personality is an object of care and respect and of equal significance and worth with that of any other

7 The main features of the agreed approach to the question of industrial relations are set out below —

(a) *The Right to Strike*—In a system functioning on the basis of competition private monopoly or private profit the workers right to have recourse to peaceful direct action for the defence of their rights and the improvement of their conditions cannot be denied and should not be unduly curtailed It is generally accepted however that in an emergency and in the case of services essential to the safety and well being of the community recourse to strike or lock out may be suspended or withheld on the condition that in all such cases provision is made for just settlement of the claims of the parties

In an economy which is organised for planned product on and distribution aiming at the realisation of social justice and welfare of the masses strikes and lockouts have no place India is moving in this direction It is also at present passing through a period of economic and political emergency Taking the period of the next few years the regulation of industrial relations in the country has to be based on these two considerations and it is incumbent on the State to arm itself with legal powers to refer disputes for settlement by arbitration or adjudication if efforts to reach an agreement by other means fail The restrictive aspects of any existing or future labour legislation must be judged in the light of these considerations

(b) *Avoidance of Disputes*—The stress of the administration as well as the efforts of parties should however be on avoidance of disputes and on securing internal settlement

In order to avoid needless friction and disputes between employers and workers it is necessary to lay down in concrete and specific terms the duties and responsibilities of both sides A worker should know what is expected of him in the particular occupation or capacity in which he is employed in the establishment He should also know the privileges which are due to him in relation to the performance of his duties

Elected representatives of workers function as shop-stewards in some establishmets at present This agency should be developed and fully employed for redressing the grievances of workers in their individual and collective capacity

An employer should in consultation with the workers lay down clearly the manner in which any worker or a group of work ers individually or collectively through their representatives may

approach authorities at different levels in the plant in respect of various types of grievances

The workers should be apprised in advance in all feasible cases of any contemplated change which may alter the *status quo* relating to their conditions and interests The workers must similarly indicate their desire for any change in the existing conditions

Employers in industrial establishments should define with sufficient precision the conditions of employment under them by means of standing orders Any differences between the parties regarding the terms of the standing orders should be resolved by arbitration

The personnel officers on the staff usually designated as labour or labour welfare officers have a special responsibility for the avoidance of disputes and creating mutual good will and understanding This responsibility is not being discharged satisfactorily in many cases

(c) *Joint Consultation*—Industrial relations have to be so developed that the worker s fitness to understand and carry out his responsibility grows and he is equipped to take an increasing share in the working of industry There should be the closest collaboration through consultative committees at all levels between employers and workers for the purpose of increasing production improving quality reducing costs and eliminating waste

(d) *Works Committees*—The Works Committee for the settlement of differences on the spot between the workers and the management is the keystone of the structure of industrial relations as conceived by us Joint committees should also be set up for a centre and for the industry as a whole to tackle questions of wider importance When a new institution with such significance has to be developed active steps must be taken to foster it and to create conditions conducive to its healthy growth

The personnel of the works committees on the side of the workers should invariably be chosen by the trade union enjoying a representative character and having the backing of the majority of the workers in a unit Where such a union is not available the workers should themselves elect their representatives on works committees

(e) *Collective Bargaining*—For the success of collective bargain ng it is essential that there should be a single bargaining agent over as large an area of industry as possible and uniform conditions should be secured in at least all the establishments in one centre Where no trade union has built up the requisite strength to obtain a representative character the largest union should have the right to function in respect of all establishments in which it has a majority of the workers as its members Separate unions for industrial establishments in the same industry in a local area are inimical to the growth of a strong and healthy trade union and their existence may be justified only in very exceptional circumstances Provision has also to be made for the direct election of representa tives of workers from among themselves where no trade union exists or is able to secure the right to represent them

(f) *Conciliation and Arbitration*—The State has to step in with an offer of conciliation when the parties fail to reach an agree ment and the dispute continues In all such disputes conciliation should be resorted to except when there is a voluntary submission for arbitration or a direct approach to a tribunal or court is per mitted or prescribed The conciliation officer has an important role for which he should be adequately equipped and trained

The machinery and procedure relating to compulsory arbitration and adjudication of disputes should be so designed as to secure the essence of a fair settlement based on the principles of natural and social justice with the minimum expenditure of time and money Provisions in this regard should be framed on the following principles

(i) Legal technicalities and formalities of procedure should be reduced to the minimum the relevant facts and figures should be furnished quickly and attention should be focussed on the material points at issue

(ii) The machinery and procedure should be adapted to the varying needs Every dispute should be taken up for final disposal directly at a level suited to the nature and importance of the case Relatively simple or less important matters should not entail a disproportionate expenditure of time and attention

(iii) Selection recruitment and training of the personnel of the courts or tribunals should be carried out with a view to securing competent disposal of the questions

coming up before them and the requisite technical help should be provided so as to obtain speedy settlement and avoid miscarriage of justice

(iv) There should be no appeal from decisions of an industrial court or tribunal barring the very exceptional case of a decision which may be found to be perverse or against the principles of natural justice and

(v) The provisions of law should be adequate for securing strict and prompt compliance with the terms of any award or decision

Adequate machinery should be provided for arriving at impartial decisions regarding disputes which are found incapable of settlement by conciliation It is necessary to empower labour courts to take cognizance and dispose of any complaints relating to working conditions health safety welfare and kindred matters Reference of disputes relating to such crucial questions as wages hours rationalisation schemes should as far as possible be left to be settled by conciliation or voluntary arbitration The State may however have to refer such disputes for compulsory arbitration in the absence of a voluntary submission

The work of the industrial and labour courts suffers in quality and speed of disposal because the necessary information is not readily available The State can it elf fill the gap in part by preparing in advance the factual and statistical material which in the light of experience is found to have a bearing on the various types of cases which come before the courts The State should have the power to require any employer or employers generally to maintain and furnish data relating to the plant manufacture industrial transactions and dealings which might be needed for the settlement of industrial disputes

(g) *Norms and Standards*—The resolution on Industrial Truce adopted at the Industries Conference in December 1947 visualises the establishment of a machinery for the determination of norms and standards which may govern the mutual relations and dealings between the employers and workers and settlement of industrial disputes The most suitable machinery for the purpose can only be a tripartite body consisting of representatives of employers workers and Government It may be expected that agreement will be reached on many contentious matters but where this i not possible the Government may with such expert assistance and judicial advice as is needed itself arrive at decisions These

decisions may according to the nature of the case be embodied in legislation or issued as directives binding on the courts or the tribunals

WAGES

8 Any upward movement of wages at this juncture will further jeopardize the economic stability of the country if it is reflected in costs of production and consequently raises the price of the product For the workers too such gains will prove illusory because in all likelihood they will soon be cancelled by a rise in the general price level and in the long run the volume of employment may be adversely affected Such an increase in wages should therefore be avoided except to remove anomalies or where the existing rates are abnormally low Government should be given a period of respite in which to take concerted action for arresting a further rise in prices To make this course acceptable to the working class other measures will have to be taken including restrictions on the remuneration of management the distribution of profits and the issue of bonus shares The whole system of industrial administration will also have to be examined with a view to effecting the necessary reform

9 For most workers earnings are far removed from the living wage standard In terms of real wages workers have lost ground in varying degrees They may legitimately expect an early restoration of their pre war standard of living This and a further advance to living wage can be achieved only through a fall in prices an increase in the productivity of labour or an improvement in the capacity of industries to pay brought about through various measures of rationalization of industry as well a the renewal or modernisation of plant Such regulation of industry as may be called for to ensure the success of this policy has b en separately proposed

10 Certa n broad principles which may help in the regulation of wages have emerged and have for the most part been embodied in the existing and propo ed legislation on the subject They still do not form however an adequate practical basis for a uniform policy in determining wage rates and effecting wage adjustments The tripartite machinery visualised in the section on Industrial Relations should evolve in as precise terms as practicable the norms and standards which should guide wage boards or tribunals in settling questions relating to wages having regard to the claims in this respect in the immediate future should be governed by the of the various groups of workers inter e of the other participants in industry and of the community as a whole The course of action

in this respect in the immediate future should be governed by the following considerations

(a) All wage adjustments should conform to the broad principles of social policy that disparities of income have to be reduced to the utmost extent The worker must obtain his due share in the national income

(b) The claims of labour should be dealt with liberally in proportion to the distance which the wages of different categories of workers have to cover before attaining the living wage standard This consideration will govern the assessment of fair return to capital and fair remuneration to management

(c) The process of standardization of wages should be accelerated and extended to as large a field as possible There should be a progressive narrowing down of disparities in the rates of remuneration of different classes of workers in the same unit of workers engaged in similar occupations in different units of the same industry in comparable occupations in different industries and in wage in the same industry at different centres It would be appropriate in this context to amalgamate a part of the present dearness allowance with the basic wage Differentials for various jobs should be maintained at the minimum levels justified by

(i) the degree of skill required

(ii) the strain and the fatigue involved

(iii) the training and experience required

(iv) the responsibility to be undertaken

(v) the mental and physical requirements for doing the work

(vi) the disagreeableness of the task and

(vii) the attendant hazards

(d) A scientific assessment of the relative work load in different occupations and industries should be taken up

Pilot studies should be immediately started for this purpose

11 Full and effective implementation of the minimum wage legislation should be secured during this period Depressed areas should receive prior attention In view of the paucity of data and the administrative difficulties pointed out by various State Governments a limited beginning should be made with regard to the fixation of minimum wages for agricultural workers and the scope should be extended further as experience is gained Suggestions on this subject have been made earlier in the report

12 A kind of profit sharing in the form of periodic bonuses usually awarded by industrial courts and tribunals exists today No proper basis for these awards has yet been worked out This should be undertaken by the tripartite machinery already mentioned To prevent the diversion of resources into consumption no payment should be made in cash on this account while the inflationary situation lasts This course of action does not prejudice the worker's claim that bonus is in the nature of a deferred wage as long as he has not attained a living wage standard

13 Permanent wage boards with a tripartite composition should be set up in each State and at the Centre to deal comprehensively with all aspects of the question of wages to initiate necessary enquiries collect data review the situation from time to time and take decisions regarding wage adjustments *suo motu* or on reference from parties or from the Government

14 To provide for old age a statutory provident fund for industrial workers should be instituted

WORKING CONDITIONS

15 In order to get the best out of a worker in the matter of production working conditions require to be improved to a large extent The Factories Act 1948 the Mines Act the Plantations Bill 1951 and the proposed Central legislation for regulating the conditions of work in shops and establishments have this common object and are sufficient for the purpose The emphasis in the next five years should therefore be on the administrative measures needed for the implementation of such legislation So far as the workers employed in factories are concerned action may be taken on the following lines —

(i) Satisfactory standards have not yet been achieved in respect of enforcement in many areas Factory inspectorates need to be strengthened for this purpose specially in respect of occupational diseases and other matters relating to the health of workers which call for the association of medical experts

(ii) Considering the large number of factories and the vast areas over which they are spread priorities would have to be fixed to ensure better attention to areas and industries in which sub standard conditions still prevail and to secure strict compliance with the provisions of law

(iii) Even within the Factories Act the enforcement of different provisions may not have equal importance from the point of view of the general well being of working class There should therefore be greater emphasis on the social aspects of this legislation than on routine matters

(iv) Standards of inspection for different types of factories should be laid down after consultation with representatives of workers and employers Strict compliance of agreed standards should be secured

(v) An inspection code for each industry regarding its working conditions should be prepared An enquiry should be conducted into the extent to which the existing working conditions fall short of the provisions in the code A programme should then be worked out for their improvement and a record of progress should be maintained

(vi) On the welfare side it is recognised that the primary responsibility in the matter of education and health of workers i that of the State The employers should assist in making up deficiencies in the provision of education health and other social needs of workers to such extent as is possible

(vii) Not much progre s has been made with regard to the study of problems of industrial health The State has to take the initiative in this respect but for any useful results to be secured the co-operation of employers and workers is es ential and

(viii) To promote the effective implementation of the various provisions of the Factories Act as also for providing a centre of information for inspectors employers and workers on problems connected with their work and to stimulate the application of principles of industrial safety health and welfare a National Industrial Health Museum is essential Such a Museum should be established at an early date in a centrally situated industrial area

EMPLOYMENT AND TRAINING

16 Effective utilisation of manpower having regard to the requirements of both industry and the workers is a question of national importance It has received considerable attention in India in recent years but the position is still not satisfactory Both the information available regarding employment and the machinery for placement work are inadequate The progress made regarding the decasualization of employment in case of dock workers and in certain centres of textile industry should be carried forward in other directions The internal recruiting arrangements made by individual concerns may also be improved The aim is to eliminate methods of recruitment which lead to the exploitation of workers The employment exchange organisation set up by the Government is rendering useful but very limited service An enquiry is urgently needed to examine what changes in character methods and organisation of the service would help to put the system on a sound footing The inquiry should embrace other aspects of the question of employment

17 A progressive rise in the productivity of industry is one of the most pressing needs of the country The fact that progres in this direction is very much bound up with the provision for technical and vocational training has not received sufficient practical recognition The facilities provided through the technical and industrial schools the training centres of the Ministry of Labour and the apprenticeship and training arrangements in industrial undertaking are of a considerable and increasing size but they remain largely uncoordinated and unplanned Measures have to be taken to secure proper assessment of the short term and long term requirements of the different types of skilled manpower The organisation of apprenticeship has to be improved both in respect of quality and conditions Training by private industrial undertakings for their own workers can be very greatly expanded Proper standards and tests have to be adopted and applied The problem of the unemployed industrial worker has also to be faced The worker is

retrenched either because there is no work for him under existing conditions or on account of the fact that industrial operations are rationalised and the workload is increased To relieve the worker from the insecurity to which he is thus exposed a constructive approach is necessary This will chiefly be in the form of adequate provision of retraining facilities with due regard to the prospects of future employment and the establishment of vocational guidance and employment counsel services

18 The problem of rationalisation has so far proved difficult of solution Notwithstanding the imperative need to reduce costs by rationalising industrial processes the working class has strongly resisted it because of the consequent displacement of labour It is now possible to reconcile the conflict and facilitate progress of rationalisation on the strength of the following safe guards —

(i) Musters should be standardised and workloads fixed on the basis of technical investigations carried out by experts selected by management and labour Side by side working conditions should also be standardized In the case of new machinery a period of trial may be necessary before standardization is effected

(ii) Wherever rationalisation is contemplated fresh recruit ment should be stopped and vacancies due to death and retirement should not be filled

(iii) Surplus workers should be offered work in other depart ments wherever possible without causing break in ser vice and without bringing down their emoluments

(iv) Having regard to the position regarding raw materials the state of the capital market the availability of capital goods and the demand of products of an industry wherever the condition of the industry permits new machinery should be installed

(v) Gratuity should be offered as an inducement to workers to retire voluntarily

(vi) Retrenchment should be effected from amongst persons who have been freshly employed

(vii) Where management and labour agree the possibility of working for seven days in the week may be explored as a temporary measure

CHAPTER 15

HEALTH

In the calculation of the country's resources for economic development the health of the people must be reckoned an important factor The incidence of sickness the existence of disability the death rate the expectation of life at various ages and the ratio of the active population to the total determine the quantitative and qualitative use that can be made of the available manpower In order to provide the baseline from which future progress may be estimated an assessment of the state of the nation's health is necessary Such health statistics as are at present available are not sufficient for making a satisfactory appraisal The morbidity and mortality statistics are not only less comprehensive than in many other countries but are also lacking in accuracy and completeness Any assessment of the state of positive health and physical fitness of the people is in the present circumstances hardly possible There is evidence of a noticeable decline in the mortality rate during the last twenty five years although compared with several other countries mortality rates at all ages in India are still very high This is especially true of the infantile and the maternal mortality rates The man-days lost on account of sickness obviously constitute a heavy drain on the economy of the country and the number of people who suffer from various degrees of physical disability is very large indeed

2 Perfect health implies a complete adjustment of man to his total environment—physical mental and social Health planning must therefore have as its objective the creation and maintenance of those conditions of life for the individual and for the community which alone can make healthful living possible The establishment of adequate preventive and curative health services is obviously essential but they are not enough The provision of hygienic housing adequate food fresh air a working environment and conditions of employment which reduce hazards to health to the minimum recreational and cultural facilities in order to promote the wise use of leisure—these are some of the essential requirements which must be fulfilled if a substantial improvement in the health and welfare of the community is to be achieved Thus every branch of activity envisaged in a programme of national development has something to contribute towards the purposes of health planning The specific field of health planning consists however in the development and maintenance of personal and impersonal health services on a scale adequate to meet the needs of the people

3 Poverty and ignorance are the two basic factors underlying the health problem of the country Its low economic development mili tates against the creation of an environment conducive to healthy living and the provision of adequate health protection for the people Lack of general education and health education are powerful contri butory factors in keeping down the level of health and welfare of the community

4 Under nutrition and mal nutrition undermine the vitality and reduce the power of resistance to various infectious diseases The *nutritional state of the* community is one of the most important factors in determining the tuberculo is rate The under nourished worker has a greatly reduced capacity for and interest in his work According to the Sub Committee of the Nutrition Advisory Com mittee of the Indian Council of Medical Research (1950) a child needs between 300 and 2 000 calories up to the age of 12 years an adolescent (between 12 and 21 years) 2 400 calories a woman between 2 100 and 3 000 calories depending on her condition and the nature of her work and a man requires 2 400 calories fo light and sedentary work 3 000 for moderate work and 3 800 for very hard work The actual availability is much lower for most people The quality and the balance of the various nutrients have a still greater influence on health than the calorific content of food alone and in this respect the deficiencies are enormous The main pre occupation of the Five Year Plan with the development of agriculture reflects the realization of the seriousness of this situation To *improve the nutritional status of the people it will be necessary to pay more attention to agricultural practices methods of food process* ing and the food habits of the people

5 The widespread malpractices which affect the purity of food articles available in the market are an aspect of the food problem which should be attended to with vigour and a sense of urgency The noxious substances which are often used as adulterants are doing insidious harm to the health of the people and the evil appears to be growing This must be tackled on the footing of a principal priority both by the administration armed with adequate powers, and the organised force of public opinion and social action It must be recognised that the administration of laws relating to the preven tion of adulteration is at present largely ineffective What further measures for the improvement of food laws and what further legisla tion in this connection by the Centre or the States would prove helpful s a matter for urgent consideration

6 The home as the centre of the physical environment surroundings and the quality of the various community

of great importance in determining the state of the peoples health Housing conditions in the country have steadily worsened during the war and the post war period It has been reckoned that even apart from the influx of refugees there has been an increase of about 66 per cent in the urban population The increase in housing facilities is scarcely 20 per cent In the Five Year Plan certain measures for the provision of housing have been suggested but it has to be recognised that in the main the housing shortage has to be met through private effort duly aided and supported by Government

7 Maintenance of environmental hygiene presupposes protected water supply According to a survey of the position of water supply by the Health Survey and Development Committee in 1946 only 6 per cent of th towns in India had protected water supply which served 6 15 per cent of the total population of 48 5 per cent of the urban population Since then the situation in the towns in this respect has greatly deteriorated owing to over crowding influx of displaced persons and postponement of water supply development schemes In rural and semi urban areas al o it is altogether unsatisfactory

8 The introduction of protected water upply can guarantee healthful living only when measures are adopted for the hygienic collection and disposal of community wastes Only 23 cities out of 48 having a population exceeding a lakh have sewerage systems There are 12 other towns which are partially sewered About 3 per cent of the total population is now served by sewerage systems Rivers lakes fields and beaches are oft n polluted by the discharge of wastes and excreta by individuals municipalities and factorie It i necessary to carry out sewerage and industrial waste treatment so as to adjust the pollutional load to the capacity of the receiving body of water for self purification For sanitation in rural areas it is important—not enough attention is being given to this at present—that ch ap and effective type designs of latrines suitable for the locality should be made available to the people and an effort made to provide technical supervision Public latrines in the villages are not an adequate substitute for private latrines

9 The inadequacy of the medical and preventive organization in the country may be judged by a comparison of the existing strength of the health personnel with the standards recommended by the Health Survey and Development Committee The Committee suggested as a long term objective one doctor for a population of 2 000 one nurse for 500 one midwife for 4 000 The corresponding proportions in India are one doctor for a population of 6 300 one nurse for 43 000 and one midwife for 60 000 In all directions the gaps are large

10 The Health Survey and Development Committee proposed a long term and a short term programme of reorganization of health services It envisaged primary units as peripheral organs for the administration of the preventive and curative care of the people the provision of a higher type of medical service at the secondary health centre which would also supervise the work of a number of primary units and facilities at a still higher level at the headquarters of the district It has to be recognised that resources for implementing this part of the recommendations during the next five years are not likely to be available It is suggested however that as far as possible existing facilities may be readjusted or reorganised and possible further expansion carried out so as to conform to the main lines proposed by the Committee

11 The limitation of funds available for expenditure on health makes it imperative that the health programme for the next five years is based on a careful consideration of priorities and that the approach to the various problems of health is in keeping with the basic economic conditions in the country These considerations received special attention from our Panel on Health Programmes whose recommendations have guided us in reaching conclusions on various aspects of the health problem Much of the ground has been exhaustively covered in the reports of several expert committees which have reported in recent years and here we do not propose to do more than refer in general terms to some aspects which are of special significance in the context of planning

12. The large incidence of sickness among those engaged in productive occupations is a factor impeding increased production This in part determines the choice of the specific measures to be included in the health programme It is recommended that during the next five years additional resources should be concentrated on preventive work rather than curative facilities. Rural areas especially those marked out for intensive development should receive much greater attention Even with regard to the producing sections of the population it will be better to select for special effort a few urgent problems which are relatively easy to handle and which promise tangible results within the five year period

MALARIA

13 It is evident that in the conditions of this country measures to combat malaria must stand very high in the order of priorities It has been computed that malaria takes an annual toll of a million lives in the country and entails very heavy economic loss Spraying with

DDT is now available as an effective means for controlling the incidence of malaria Systematic anti malarial measures have succeeded in several parts of the country in bringing down the sickne rate and in increasing output Anti malaria projects have to be an essential part of programmes of land reclamation and of programmes for the full utilization of irrigation Anti malaria work is being undertaken by many State Governments the present rate of expenditure being of the order of about Rs 1½ crores a year International organizations are also rendering valuable help in this field

Tuberculosis

14 There are 5 00 000 deaths every year in India due to tuberculosis and 2½ million persons are suffering from tuberculosis and 2½ million persons are suffering from active tubercular di ease It has to be acknowledged that adequate resources for dealing with the problem on a suitable scale do not exist at present Some progress in several directions is however possible Each State may have at least one tuberculosis demonstration and teaching centre More tuberculosis clinics and hospitals are needed in crowded areas The quality of the work of the clinics may be improved by extending domiciliary treatment with the help of health visitors Private bodies may be encouraged to build sanatoria BCG vaccination programmes should be extended on a large scale Propaganda campaigns should be initiated and institutions should be started to bring home to the people the size and seriousness of the problem

Rural Health

15 Increase in the production of food and raw materials being the major objective of the Five Year Plan the health programme for rural areas assumes corresponding importance and has to be developed on that basis This inevitably leads to an emphasis on the prevention of disease and the pre ervation of health Measures devised for improvement of the environment—water supply drainage disposal of human wastes—should be within the means of the people and should be based on a thorough study of local conditions A programme for developing health units should be worked out each unit with a body of personnel capable of looking after the varied needs of an area of about 40 square miles with a population of about 40 000 For medical aid in the villages which are not adequately served medicine boxes should be made available and some resident auxiliary personnel should after training be entrusted with the distribution

of selected medicines for common and minor ailments under proper supervision

16 The accepted view is that for the rural population health centres should be so organised as to integrate the curative and the preventive services

Woman and Child Welfare

17 Maternity and child welfare is a service that is kept in th forefront in the planning of all progressive health programmes The care of mothers and children leaves much to be desired in both urban and rural areas For the adequate care of the mother and the child it is necessary to treat the family as a unit and organise a health centre which can cater to the needs of all the members of the family This development may take time meanwhile more maternity and child welfare centres adequately staffed should be established in the towns There is need for a large increase in the number of mater nity beds Municipalities should licence all private maternity homes and hospitals A percentage of the beds should ordinarily be reserved for children. Post natal and pre-natal clinics should form an essential feature of all hospitals with maternity beds

18 *Dais* in the villages are mostly untrained and short training courses for them have a high priority In the training of doctors and nurses care should be taken that they are more adequately equipped for handling the diseases of children

Industrial Health

19 Modern industry creates an environment in which are found lurking a host of known and unknown diseases It uses a large number of toxic agents and dusty processes The work is often fatigu ing and hazardous The Factories Act of 1948 deals comprehensively with the problems of health welfare and safety But in regard to problems of industrial hygiene occupational diseases and the provi sion of adequate industrial medical service suitable action has not yet been taken. To improve the position in this respect expert opinion is in favour of the adoption of the following measures —

(1) To provide for adequate industrial health u necessary for each State to appoint at least time specially qualified medical inspector on the factories inspectorate

(2) Team work is the essence of successful factory inspection Many of the problems relating to industrial health and safety cannot be tackled either by the engineer or by the medical man singly Since licence fees are being levied under the Factories Act 1948 it should be possible for the State to provide an adequate inspection service which should in addition to carrying out inspections required under the Factories Act 1948 function as a technical service to industry The present inspection service of the States should be equipped and reorganised with this object

(3) As mentioned earlier for the proper implementation of the various provisions of the Factories Act to provide for a centre of information for inspectorates employers and employees on problems connected with their work and to stimulate the application of the principles of industrial safety health and welfare the establishment of an industrial health welfare and safety museum will be useful

(4) Industrial hygiene surveys should be carried out with particular reference to certain specified industries and

(5) The subject of industrial health should be introduced in under graduate and post graduate classes of medical engineering and social science institutions Facilities for post graduate studies and research in industrial health subjects are also needed

HEALTH EDUCATION

20 If it is considered how large is the volume of sicknes and the extent of impairment of health resulting from ignorance of simple rules there is hardly a line of effort in the field of health which is capable of yielding as high a return in proportion to outlay as the spread of health education All possible agencies public and private should be availed of for carrying on the work of health education The following suggestions are commended for consideration —

(1) The fullest use should be made of the primary schools as means of imparting health education to students and also to stimulate a lively interest in healthy living both personal and communal in their neighbourhood In-

teaching hygiene to primary school children more stress should be laid on the inculcation of hygienic habits in students than on the imparting of theoretical knowledge A knowledge of basic principles of hygiene community health and pysiology should be considered essential for qualifying examinations at the end of the secondary school stage

(2) Health Education should be considered as an integral part of health activity at the district and State level States should try and maintain Bureaus of Health Education in charge of specially trained officers The Central Ministry of Health should assist these Bureaus with literature and information State Governments should prepare and supply suitable material and literature to schools and other institutions

(3) Health education of the population of the rural areas should receive special attention in the districts Rural health centres health organizations and maternity and child welfare centres should be utilized for carrying on health education programmes Voluntary organizations engaged in health education work should assist and their co operation should be sought as far as possible and

(4) Broadcasting programmes should pay special attention to health education At present this important means of mass education is not being fully turned to account

21 The material prepared for imparting health knowledge to the people should draw upon all available sources including the traditional practices and Ayurvedic texts Nature cure can furnish useful help for the maintenance and improvement of health and vitality The testing and standardization of this scattered knowledge offers an important fields for research

PHYSICAL EDUCATION

22 The importance of physical education is being increasingly recognised The problem affects persons in different age groups but it is in schools and colleges that it needs the greatest attention Among the steps which we wish to commend to State Governments and other authorities are —

(1) A National College of Physical Education hould be set up for training the higher personnel for physical

and community recreation and leadership The upgrading of the existing central institution for physical education in Bombay may be considered

(2) Suitable courses of physical education in schools should be prepared These should provide for games and sports as well as suitable yogic exercises

(3) Facilities for teaching in physical education are at present inadequate Short term courses in physical education for primary school teachers should be organised In secondary schools there should be qualified physical education teachers In teachers training institutions physical education should be an essential subject

(4) There is need for research in physical education the major problems for investigation being

(i) the relative value of different sports, games and exercises from the physiological psychological social and educational points of view

(ii) the value of the Yogic system of exercises and

(iii) appropriate suitable syllabuses of physical education for different age and vocational groups

TRAINING AND RESEARCH

23 Training of health personnel has to receive continuous attention both for the purposes of improving the quality of the health services and to provide for future stages in development when a much larger proportion of resources should be available for health measures New medical colleges should be established in those places where large hospitals are already in existence It is believed that the double-shift system introduced in certain institutions is not conducive to the maintenance of proper standards This question should be examined Considerable wastage due to failures in practically all the medical colleges in the country should also receive attention Certain selected hospitals in the States may be upgraded so that they can be utilised for the purpose of introducing a system of compulsory internship in the medical course leading to the degree of MBBS It is eminently desirable that in regard to every medical college there must be provision for giving the students an opportunity to do rural health work For this purpose a rural health organisation somewhat on

the lines of the Singur Health Centre attached to the All India Institute of Hygiene and Public Health should be built up Facilitie should also be provided for the training of medical social workers with special reference to diversional therapy

The Five Year Plan provides for the establishment by the Central Government of an All India Medical Institute and for upgrading existing institutions so that adequate post graduate medical training should be available within the country The main object of the proposed institute will be to train teachers for the various medical colleges in India

Considerable expansion of training facilities for the production of non medical personnel is necessary It may be possible to admit an increased number of health trainees like nurses mid wives and dai in existing institutions The need is being increasingly felt for training a type of rural health personnel which may be capable of performing under proper medical supervision such preventive duties as inoculation and vaccination identification of minor ailments distribution of simple medicines

To promote medical research various departments in medical colleges should be encouraged to take up research work in addition to their routine teaching duties For this purpose library facilities have to be greatly improved Larger funds are being provided for expanding research programmes initiated by the Indian Council of Medical Research

SUPPLY OF DRUGS AND EQUIPMENT

24 India has been largely dependent for drugs on imports Concentrated efforts have been made in recent years to meet a part of India s pharmaceutical requirements through internal production Much ground still remains to be covered There has been little or no progress regarding the production of basic chemicals required for the manufacture of synthetic remedies chemo therapeutic compound such as anti malarials anti-dysentrics sulpha drugs arsenicals etc which are required in *substantial quantities* In a programme for producing standard drugs within the country attention should be directed in the first instance to the following

(1) Drugs which have a direct bearing on increased production of food for instance insecticides and prophylactic drugs for intensive anti malarial operations Production of DDT has a high priority and steps to increase its production are being recommended

(2) Antibiotic such as penicillin streptomycin etc

(3) Sulpha drugs and anti leprosy drugs and

(4) *Anti dysenteric drugs*

25 We also recommend measures to promote the greater production of surgical instruments surgical dressings glass containers and pipes and fittings for water supply and sewerage

26 It is possible to effect considerable economies in the consumption of drugs specially those which are now being imported by measures for rationalizing their use in prescriptions and for the purpose of injections In this connection a small expert committee to evolve appropriate proposal for medical practitioners may be useful

27 As has been mentioned earlier the sale of adulterated and substandard drugs and black marketing in drugs has assumed the magnitude of a major evil and calls for stringent action on the part of Government

28 India has rich resources in vegetable *materia medica* but there has been no coordinated effort in research and standardization of these drugs There is hardly any organization for the collection of herbs of reliable quality used in Ayurveda The study and survey of medicinal plants in India has to aim at

(1) self sufficiency in regard to indigenous drugs by processing them in a form suitable for administration

(2) discovery of remedies from the indigenous systems so that they could be suitably employed in Western medicine and

(3) discovery of means so that these remedies could be economically used in pure condition by the great masses of India

INDIGENOUS AND OTHER SYSTEMS

29 A great deal of uncertainty exists about the position and the future course of development of indigenous systems homeopathy and nature cure It is desirable that this should be cleared up as early as possible The controversy with regard to the truth and merits of any particular technique of cure or approach to the problems of health and disease can only be settled on the touchstone of research

Scientifically conducted investigations will in course of time decide the value and validity of the different techniques and those which can justify their existence will necessarily become branches of an integrated system of medicine In the Five Year Plan provision has been made for research into indigenous and other systems Facilities should be made available to study Naturopathy in all its aspects as a post graduate subject

30 Professional training for the practice of the indigenous system is an important matter for consideration A curriculum drawn up for the purpose has to be designed primarily to enable the student to attain full proficiency in the practice of the particular system But he cannot afford to ignore the body of medical knowledge which has grown up under the impetus of scientific methods As has been well expressed it is not necessary that he should be able to apply these technical procedures himself at all times particularly in surgical specialities but it is essential that he should have the knowledge which will enable him to recognise the need for calling in the aid of these pecialities in the interests of his patients The details of the curriculum which can satisfy both these conditions will have to be worked out with the help of the results of research and experience The recommendations of the various committees appointed by Government in recent years should furnish the requisite broad basis for dealing with questions relating to Ayurveda Unani and Homeopathy in a satisfactory manner A similar inquiry may usefully be instituted into the system of Nature Cure Action on the recommendations of reports of expert committees which have examined the problems should be taken at an early date

Vital Statistics

31 The need for initiating measures to improve the registration and compilat on of vital statistics cannot be over-emphasised Important gaps in statistical data have to be filled and in respect of quality there are serious defects to be remedied Proposals on the subject were made by the Health Survey and Development Committee in 1946 and by the Vital Statistics Committee in 1949 The recent census has thrown up a body of new material which is under examination by the Registrar General and Census Commissioner and it may be some time before proposals for an improved system take shape *In the meantime we have felt it necessary to make a small financial* allocation in the Plan which may be utilised for the purpose of pilot studies for improving the machinery for the registration and compilation of births deaths and other vital events especially in areas

Family Planning

32 Reference has been made in an earlier part of this report to the rapid growth of population and the consequent pressure on the limited resource of the country There is insufficient awareness yet among the people of the need for family planning On the whole it is evident that unless steps are taken deliberately to reduce the birth rate the upward trend of population will continue since improvement in medical facilities and better control of epidemics together with the measures taken to provide a certain minimum of food for the poorer sections of the community should help to lower the death rate further

While family planning is intended to bring down over a period of time the rate of population growth immediately it is a step in the direction of improvement in health especially of mothers and children Frequent and ill spaced child births undermine the health of the mother A high birth rate under conditions of poverty and mal nutrition is inevitably connected with a high rate of infant mortality and a high incidence of disease and deformity among children In planning for a rising standard of life the provisions of a more healthy and cheerful existence for children in the formative period of their life is a matter of great importance Family planning is thus a vital step in economic and social planning

33 In as much as an alteration in population trend takes at least a few generations to materialise a plan for a limited period has to concentrate on the education of public opinion as to the need for a limitation of numbers By and large a programme of family limitation must be a social movement which would call for initiative on the part of individual families and general development of public opinion The State therefore can only play a limited role in this respect We are in agreement with the following recommendations made by the sub committee on Population and Family Planning of our Panel on Health Programmes and commend them for consideration

(a) The State should provide facilities for sterilization or giving advice on contraception on medical grounds

(b) Such help and advice should not be withheld from others who seek and need it on social and economic grounds Such services however should be provided to the extent that the personnel in hospitals and health agencies can undertake them consistently with its other duties

(c) The State should also through financial aid and otherwise assist in the establishment of Research and Information Centres o ganised for the following purposes

(i) Collection study and dissemination of information based on scientifically tested experience in our country and abroad in respect of all aspects of family limitation and the countering of ill effects of incorrect information and

(ii) Research necessary for the development of inexpensive safe and efficacious methods of birth control suitable for all classes of people and methods of preparation of necessary appliances and materials based on raw materials available in the country

Methods of family limitation other than contraceptives should also be investigated In this connection the question of raising the age of marriage of girls deserves consideration

CHAPTER 16

HOUSING

The Situation

There has been a shortage of houses in most countries in the post war period In some countries it has been accentuated as a result of war damage in others not affected directly by war the low level of constructional activity in the last decade and the absence of proper maintenance and repairs have been to a large extent responsible for the present inadequacy of residential accommodation So far as India is concerned the recent partition of the country has been an additional contributory factor

Urban areas

2 Urban areas where housing was already inadequate are now suffering from an acute insufficiency of low income housing The lack of proper planning in these areas has led to haphazard development and construction of small ill ventilated dingy dwelling Even in such dwellings the tendency has been to make the maximum use of the existing accommodation This has resulted inevitably in extreme conditions of overcrowding Water supply drainage and lighting facilities which were already inadequate in the e area have been further strained with consequent effect on the health and well being of the residents Recent migration of labour to urban areas has brought in existence labour camps and though this phenomenon is of comparatively recent growth its long term repercussions on normal urban life are of a far reaching character

Rural areas

3 Conditions in rural areas are no better In the case of villages a redeeming feature however is access to open spaces fresh air and sunshine—gifts of nature denied to town-dwellers Rural areas however have their own problems chief among them being lack of supply of wholesome drinking water drainage proper sanitation and means o communication

State and Local Bodies

4 During the war Governments and Local Bodie in the country were concerned mainly with the problem of providing housing to essential military and civilian personnel and preventing an undue rise in rents especially for low income and middle income groups of the population Since the end of the war Government have undertaken some construction in large towns in order to accommodate persons of low income groups but the effort has been far from commensurate with the needs of the population A few States have shown an awareness of the acute problem and their obligations in regard to it But the limitations of their resources have precluded them from carrying out steadily a substantial housing programme The Central Government offered to promote the construction of houses by a measure of assistance but in practice the programme did not stimulate much fresh activity The effort of Local Bodies was equally ineffective in reducing the housing shortage to any appreciable extent

Private enterprise

5 Housing has thus been left almost entirely to private enterprise A small fraction of the demand has been met by cooperative housing societies but their efforts cannot be considered to have contributed much to ease the chronic housing shortage Construction on private account almost ceased during war This happened primarily becau e of an acute shortage of building materials which led to the imposition of stringent restrictions on their use The result was an increasing pressure on the existing accommodation so that Government had to take measures for checking a rise in rents and also for requisitioning premises for per ons engaged in essential services Investment in housing thus became less remunerative and more irksome

Housing Policy and Programme

6 The n ed for provision of suitable housing accommodation in adequate quantity has been stressed by Committees and Commissions appointed from time to time by the Central and State Governments The urgency of the problem has b en fully recognised It is evident it is not possible for private enterprise by itself to m et the hou ing needs of the lower income groups Even though the position regarding building materials has b com omewhat easier the high cost of construction effectually limits any advance in this direction The economic rent for even the minimum standard of

accommodation is altogether beyond the means of the working class and a large section of th middle classes In the ca e of the former not much additional provision has been made by employers during recent years Dispersal of industry which might have helped to ease the situation has not occurred to any extent nor has it been found feasible in any degree to enforce compulsion on employers to provide housing accommodation for a proportion of their employees In these circumstances plainly it becomes the responsibility of Government to step in and organise a programme of construction to make up the growing housing deficit

7 A drive for improving housing both in urban and rural areas is necessary but in the existing state of the financial re ources of the community the problem will have to be tackled in stages The fact that immediately urban housing needs greater attention has to be recognised Even in urban areas it is necessary to proceed on the basis of certain well defined priorities These are obviously indicated in favour of persons belonging to low income groups

8 The Industrial Truce Resolution to which Government employers and labour were parties created a basis for a practical programme of construction of new houses In pursuance of it the Central Government has formulated and put forward a series of schemes but mainly for financial reasons not much progress has been made so far The hardships and discontent of workers have on this account been increasing Government will have to apply itself earnestly and without delay to a solution of the problem If it has to depend on its own resources the progress cannot but be very limited A large contribution for financing a housing programme has therefore to come from industry which employs the workers The alternative would be to increase the wages to such an extent as to enable workers to pay the economic rent The balance of advantage however lies in the provision of subsidized houses The support of workers may also be enlisted in meeting the capital cost through compulsory savings to enlarge the size of the construction programme

As much attention as possible should be paid to the housing needs of other sections al o

9 The following programme is proposed for implementation during the next five years

(a) *Industrial Housing* Construction of about 25 000 housing units every year in the principal industrial c ntres for indu trial workers may be undertaken

(b) *Housing for other low income groups* This may take the form of assistance for relieving the housing shortage for other low income groups by direct construction to an extent provision of developed sites and cheap loans to cooperative housing societies and

(c) *Rural Housing* There is a demand that villages should be reconstructed on the basis of modern principles of planning but for obvious reasons it is impossible to find a practical *solution to this end New sites for rural* communities and the expansion of existing villages can at any rate have the benefit of better planning Considerable progress can be achieved in rural housing by a proper utilisation of the real *resources of the village* community The under-employed rural population can be harnessed for construction work Organisation of community effort on these lines and technical guidance for improvement of the environment would make a *considerable difference*

10 To facilitate implementation of this programme action has to be taken mainly in the direction of provision of finance reduction in housing costs help to private enterprise and the establishment of a suitable *organisation*

Housing Finance

11 In recent months much thought has been given both by the Planning Commission and the Ministry of Labour to the problem *of finance for industrial housing* The scheme drawn up for this purpose envisages the creation of a National Housing Fund constituted as follows

Sou	Ext t f t b u	E t m t d r ce pt (5 yrs)
1 Empl y	An out ght gra t am unt g to 2½% f th t t l w g b ll (lu e of de e s all w n e) annu lly n a m nthly s b dy toward th e t f ch hou all tted t h s mploy ees (ee below)	Rs 15 es
\ k	A t buti t wa ds mpul ory ng h m 2½% of thei m nthly wages (clu e of d n s all n) the m t s co t ibut d by wo kers bei g t ted a l an at 3% inter t (Re t 15% of earn n)	R 15 ro es

I el t d dust i l c nt s

Source	Extent of contribution	Estimated receipts (5 yrs)
3 Central Government	An average grant of Rs 7 crore per year plus expenditure on the *Central Housing Board*	Rs 13 5 crores
4 State Governments	Provision for industrial housing in the plans of State Governments	Rs 3 7 crores‡

Government for other housing

‡There is an additional provision of Rs 5 6 crores in the plans of State Governments for other housing

It is proposed that exemptions under this scheme may be granted to employers to the extent of housing of approved standard provided by them for their workers

12 An alternative scheme for raising finance would be to utilise the money in the Provident Fund Account for financing industrial housing The scheme envisages that about 70 per cent of the amount collected by way of Provident Fund from employers and workers would be advanced as a loan to the National Housing Board and the balance that is 30 per cent could be retained in the Fund for meeting normal and emergent demands on it from year to year

13 The National Housing Board will build up a sinking fund for the repayment of loans The difference between the economic rent calculated on the basis that charges in respect of sinking fund will be borne by Government and the rent payable by workers is to be paid by employers A worker will be charged rent at a rate not exceeding 15 per cent of his monthly earnings

Reduction in Costs

14 As compared to the magnitude of the problem the allocation made for industrial housing is small but looking to the over all needs of the country it is impossible to do anything better In order to make the available finances go a long way it is necessary that housing policy should aim also at reduction in building costs

Large areas of land may be needed for any programme of industrial housing The cost of land is the most important factor affecting the total cost of construction It is more so in areas where industrial housing schemes are put into execution Any economy which might be effected in actual building costs would have very little influence on the over all housing costs if land prices are not

effectively controlled It is essential that land should be made available at reasonable prices in various industrial towns in which the scheme is proposed to be implemented Since land values are going up it is suggested that immediate steps should be taken in all States to amend the Land Acquisition Act with a view to facilitating the acquisition of land for housing purposes at prices payable for land on the basis of the use to which it was put on the material date that is the date on which the land is notified for acquisition

15 In order to eliminate the speculative element in land and discourage land hoarding in urban areas we recommend that the taxation structure on vacant lands should be designed in such a manner as to make all such land hoarding unprofitable

16 It is obvious that any appreciable reduction in the cost of construction would bring down to a corresponding extent the economic rent and thus reduce the factor of subsidy A Sub-Committee of our Housing Panel has made a close study of this problem from which the following suggestions have emerged

17 Building costs can be analysed under the following heads —

(a) Materials and labour

(b) Architectural designs

(c) Structural designs and

(d) Programming of works and administrative and executive details

(a) *Materials and labour*—(i) Experience shows that except where there is concentration of works it is less expensive to allow private enterprise to handle production and distribution of materials In cases where work is concentrated a well-organized and efficient public organisation for the production of materials may result in reducing costs

(ii) Vocational training is equally important in reducing costs In all housing programmes undertaken by contractors on behalf of public bodies a specific clause requiring the contractor to train some apprentices should be inserted

(iii) It is well known that it is extremely difficult to take work from unskilled workers without proper incentives Economies can be effected by adopting a system of payment by results and

(iv) Co-operative self help which has considerable potentialities in reducing costs of labour and materials should be organised wherever feasible

(b) *Architectural Designs*—Efficient planning of residential buildings helps to bring down costs The important aspects of design which have a special bearing on costs are —

(i) General planning should cut down unnecessary areas to the minimum and should make the plan of a house more compact

(ii) Laying down minimum standards for plinths heights floors sizes of rooms areas of doors and windows and

(iii) Standardization of the sizes of doors and windows

(c) *Structural Designs*—Appreciable economies are possible in the matter of structural design by the following methods

(i) Functional requirements for different structural parts may b adopted instead of laying down specifications

(ii) The combination of traditional methods with the pre fabricated building components Fully pre fabricated houses appear to be neither economical nor quite suit able The selection of a design should be dependent on the cond tion that local materials and local labour are largely used on its construction

While the need for reducing the specifications to the minimum in the interest of economy is urgent it will be extremely unwi e to adopt sub-standard specifications for buildings constructed with public funds Economy at the sacrifice of durability liveability and strength of structures is not desirable

(d) *Programming*—(i) A high degree of efficiency and economy cannot be achieved in any building operation unless it is planned in detail before the work is commenced The construction agency should get enough time for proper programming of work The pre ent method of year to year budgetting operates against the for ward planning of works

(ii) The rates of the larger contracting firms are comparatively higher than those of smaller firms The amount of contract should therefore be kept low A tentative ceiling of Rs 5 lakhs is suggest ed for this purpose

(iii) Sound tendering procedure in accordance with accepted local practice should be followed to avoid extra items later A procedure should be devised for prompt payment of running and final bills to contractors as delay in payment adds to cost and

(iv) Suitable training courses should be organised for making engineers cost minded They should be kept in touch with modern engineering practices and the work done in other localities in the matter of improved building techniques

18 If all the above suggestions are implemented in actual construction the reduction in costs which may be possible without having to sacrifice the strength and comfort of a structure is reckoned at *15* to *20* per cent

RESEARCH

19 On the research side the following measures are required to be undertaken —

(a) The Central Building Research Institute at Roorkee provides a nucleus for organised research on technical aspects of building materials and methods All problems of major importance should be sent to this Institute for technical examination There should be in addition regional institutes at selected centres for similar work. Each such institute should have an advisory board representing various interests and

(b) All construction agencies under public control for instance State Public Works Departments municipalities railways Military Engineering Services etc. should be required to employ the latest building techniques and equipment

20 In addition attempts should be made—

(i) to draw up uniform building codes

(ii) to improve the manufacture and use of local materials and

(iii) to develop new and cheap building materials such as treated jungle-wood

A Central Library Service for collection and dissemination of information regarding housing is considered to be very essential

21 While all these measures are likely to contribute towards reduction in costs the main source of economy in Government construction may lie in the advance programming of housing work and the organization of the building trade in all its aspects including training of personnel at all levels It is also necessary that research on technical aspects of building materials and methods should be encouraged with a view to its practical application in large scale housing programmes It has been estimated by a committee of experts recently appointed by Government that even without radical alterations in the methods of construction it is possible to effect by adopting the above measures economy of the order of 15 per cent in building construction By itself this is no small saving if one takes into account the industrial housing programme alone But when the building activity in the public sector (which is of the order of Rs 150 crores a year) is taken into account in its entirety the finance available either for diversion or for intensification of the programme can be of a sizeable magnitude

Help to Private Enterprise

22 Private enterprise has all along played an important part in housing activity It is necessary to encourage initiative on its part for the solution of the housing problem Provided houses are built according to approved standards and allotment to low income groups is subject to the control of public authorities the following suggestions for encouraging private effort may be briefly mentioned

(a) Simplification of procedure regarding land acquisition

(b) Removing difficulties in the way of getting controlled materials

(c) Obtaining finance on easy terms wherever necessary

(d) Provision in advance of adequate amenities and services

(e) Exemption from stamp duty on purchase of land and

(f) Exemption from General Municipal Tax and Urban Immoveable Property Tax for a fixed number of years

23 It is however necessary to safeguard against spurious organizations seeking assistance of the type suggested above The State

should therefore effectively control the activities of unhealthy combinations in the interests of the community

24 In order that the recommendations made above are effective in relieving housing shortage the following further measures may have to be undertaken —

(a) Complete survey of the available accommodation in urban areas where housing shortage is very acute

(b) Utilization of unutilized or insufficiently utilized buildings in urban areas

(c) Placing restrictions on the use of scarce building materials for use in construction of luxury buildings

(d) Technical advice on the construction of suitable structures at nominal cost

(e) Organization of building centres in important towns where people can see for themselves the latest developments in hou e construction and building materials and

(f) Preparation of a model Town and Village Planning Act for adoption by States

NATIONAL AND STATE HOUSING BOARDS

25 In order to implement the above recommendations a National Housing Board should be set up at the Centre with Regional Boards functioning in the States which have substantial programmes of work to execute The National Housing Board will be a policy board and may administer the Housing Fund allocate finance to different States according to their needs and sugge t priorities for different schemes Functions especially within the sphere of the National Housing Board may be

(a) to activate building programmes and serve as a clearing house for information

(b) to initiate establishment of new town ships and

(c) to coordinate and initiate building research

26 There will be some functions which are common to the National and Regional Housing Boards for instance —

(a) to suggest and expedite preparation of master plans

(b) to suggest improvement in the present methods of production and distribution of building materials and

(c) to initiate proposals for tapping possible sources of housing finance

27 State Housing Boards will be especially charged with the implementation of the policy laid down by the National Housing Board In addition to the common functions referred to above their functions will be —

(a) to collect information regarding housing needs of different classes of people in the State as a whole and in particular areas

(b) to encourage slum clearance and improve the existing conditions of housing

(c) to take steps to organise the building trade and assist vocational training of labour and

(d) to take necessary steps for standardization of building components and to organise production and distribution of such standardized components on a large scale

28 The National and Regional Housing Boards should be a part of the National Building Organization which might be set up on the same lines as the Central Roads Organization of the Ministry of Transport If the principal executive officers connected with building in different States are associated with this organization it should be possible to translate in practice the results of experiments in cheap housing

29 In addition to the legislative measures that might be necessary for implementing the above programme it is necessary to undertake as a long term measure legislation for the purpose of regulating the growth of towns and villages for conferring power on local bodies in respect of zoning and use of land and for prohibiting profiteering in land values

CHAPTER 17

EDUCATION

1 The educational system of the country has recently come in for a great deal of criticism Dissatisfaction has been expressed with regard to the quality and content of education offered in schools and colleges The utter inadequacy of the facilities that are being provided in relation to the needs is well known The economic backwardness of the country is responsible in part for these deficiencies but the low level of economic development is itself in a measure a result of insufficient and faulty education There is no doubt that radical changes in the ideas underlying the system of education and in the ways of imparting it are needed in the interest of planned democratic progress The subject is a vast one and here it is only proposed to refer briefly to some significant aspects which have a direct bearing on national planning It has not yet been found possible to frame specific recommendations regarding a large number of questions This task awaits consultations with our panel of experts on education which we propose to call at an early date Our conclusions on these questions will be embodied in the final report

SCOPE OF THE PLAN

2 In recent years earnest attempts have been made to bridge the large gulf between our needs and the level of achievement In part A States (for which alone comparative data are available) expenditure on education has more than doubled during the five years following 1946-47 In fact it is likely that many of the States will find it difficult to maintain their present scale of expenditure on education as on other social services without making a great deal of effort to raise additional resources In the plans of State Governments therefore it has been possible to provide for only a small amount of expansion The total development expenditure that has been provided for education in the plans of the States is Rs 91 crores—Rs 74 crores in Part A States Rs 12 crores in Part B States and Rs 5 crores in Part C States

3 So far as the Central Government is concerned it can at present accept only a limited obligation in the field of education,

During the next few years for instance it is not in a position to accept any large measure of responsibility for basic and social education in the country as a whole The Central Government s approach has therefore to be selective Besides actively supporting higher and technical education and research it can and should assist pilot projects experiments in improved educational methods in different fields production of suitable literature training of selected personnel translation of important works into Indian languages the promotion of the Federal language etc It can also assist in providing the educational base of projects for the intensive development of selected areas In view of the importance of community centres in social welfare and reconstruction work this is a field of activity in which there is room for initiative on the part of the Centre as part of its programme for social education There may be other lines of activity of a specific nature which could fall within the purview of the Central Government s programme over the next few years Even this selective work if done effectively will considerably help the Centre in guiding the educational development of the country along sound lines and preparing the ground for a more efficient utilisation of the larger resources that may become available in the future

4 It is clear that the sum of Rs 123 crores (of which the Centre accounts for Rs 32 crores) provided in the first part of the Plan is not likely to meet the educational needs of the country in any adequate measure Expenditure on this scale can only mark the first stage in carrying out the directive of the Constitution that the State shall endeavour to provide within a period of ten years from the commencement of the Constitution for free and compulsory education for all children until they complete the age of 14 years We are conscious of the vital role of education in the task of reconstruction of the country It is obvious that failure to provide adequate educational facilities means neglect and waste of precious human material It is also true that the idea of equality of opportunity has to be applied first and foremost in the sphere of education so that every individual has the chance to make the best of himself The first objective of national planning for India is to strengthen the economic base so that in later years an increasing proportion of resources can be applied to the development of social services Meanwhile the immediate responsibility of all those who are concerned with education is to bring to bear on the existing organization and methods of education all the new knowledge and experience that has been gained here and abroad so that the most effective use is made of that part of the nation s resources which can be made available for education In this way sound foundations will be laid for the second stage of development

DEFECTS OF THE EXISTING SYSTEM

5 Certain aspects of the existing system of education are disturbing It is a commonly known fact that an enormous wastage of educational effort goes on at present particularly at the earliest stages Apart from the wastage due to a very large proportion of children discontinuing education during the first three years at school the system of education has to a substantial extent not succeeded in training the intellect developing practical efficiency or inculcating moral and social values A large proportion of students fails to develop the necessary spirit of inquiry balanced judgment habit of application and capacity for striking out new paths which are the attributes of a sound system of educational training at the same time the qualities which make for moral development and sound character are neglected There has been a noticeable growth of indiscipline among students in recent years which needs the urgent attention of educational authorities Many of the products of the present system of education have an excessively low value in the employment market and are not even giving efficient service in the departments of Government for which the system was originally designed For the vast range of tasks that educated youths will have to take up on the land and in workshops for the development of the country the present system of education reduces their adaptability and as education advances to higher stages the gulf between the educated and the social environment of the common man tends to become wider

OBJECTIVES

6 The principal considerations on which an approach to the problem of educational reform in the country has to be based may be set out here briefly As an immediate objective within the limits set by prevailing conditions and resources the system of education has to be adapted to the requirements of national planning Education has however an even more vital function in relation to the development of the individual It has to train the senses develop the intellect humanize the emotions and equip the individual for efficient living so as to ensure an integrated growth of his personality There is also the larger question of reorientating the system of education so that the people are able to participate effectively in building up an efficiently serving the social order which it is the object of national planning to evolve

7 The Constitution of India aims at working out a pattern of democracy which could ensure equality of opportunity and the

essentials of a civilised life to every individual In this pattern it has laid equal stress on economic progress and on social justice An important implication of this position is that there should be full scope for individual freedom and initiative and these should be exer cised in terms of social obligations Re ponsibilities should be placed before rights and the spirit of cooperation and service should grow while the self regarding outlook and the force of the acquisitive instinct are kept within legitimate bounds Real democracy cannot grow and planned economic development will not be possible unless a high degree of social cohesion and solidarity is achieved by levelling down the psychological barriers which divide classes creeds and regions in the country It primarily through the right kind of education that such a transformation can be brought about

8 Adequate satisfaction of cultural needs is a vital element in he growth of a nation A national system of education should stimulate the growth of the creative faculty increase the capacity for enjoyment and develop a spirit of critical appreciation of art literature and other creative activities The State has its own part to play in encouraging artistic and literary pursuits and helping artists and writers in a variety of ways

9 The lack of coordination that exists between the home the school and the life outside has to be remedied and a close integra tion secured between the proces of education and the social and economic life of the country Every one should be trained to make an adequate living and to fill effectively his appropriate niche in life The facilities for education should be adjusted as accurately as po sible to the actual needs and opportunities which ari e Any wastage of training should not be tolerated in a country so poor as India The methods of education have to be so designed that the inherent appeal and value of education would win for it the loyalty of the pupils and the support of the parents Education so envi saged can become a mo t powerful instrument for raising the nation s level of productivity and maximising the individual s con tribution to the national income During the coming years the greatest emphasis must be laid on imparting necessary skills to large numbers of the people and raising the tandard of efficiency of those who are engaged in variou kinds of productive work Increa ed skill a proper social outlook and a sense of discipline which is inherent in the hon st and efficient discharge of one s duty should form vital features of the new educational policy

Basic Education

10 The direction which educational reform should take in the early stages has become clear to a considerable extent through experiments and enquiries carried out in recent years Basic education is an accepted goal It forms the foundation of the national educational policy for the age group 6—14 years The essential principle of basic education is that the child learns through living of which the central feature is socially useful and productive craft work New schools should as far as possible be of the basic type and the existing schools should be converted into basic schools as rapidly as possible In the meantime crafts and practical work should be introduced in the ordinary schools also as a first step in this direction There is already a broad pattern of basic education available for general adoption but many aspects of this new approach call for systematic study and research It is suggested that in each of the larger States the establishment of a model basic education centre comprising all stages of basic education namely pre basic basic po t basic teachers training and when this becomes possible a rural university may be considered An urgent line for exploration should be to evolve methods for integrating the school with the life of the community especially in the rural areas so that these centres of education can themselves make a useful contribution to economic and social progress

Secondary Education

11 Secondary education is regarded as the weake t linl in the educational chain and an expert examination of its problems has become overdue Secondary education has to be reorganised to make it serve the practical needs of the community more effectively and to provide cadres of leadership esp ally for the rural areas The scope and duration of secondary education have to be defined for the country as a whole Similarly questions such as the media of instruction in different States and the place of English in the curriculum have also to be considered All these questions call for careful examination for the formulation of a national policy

University Education

1? So far as university education is concerned early reorganisation of the system is necessary and in this field valuable guidance is available from the work of the University Education C
1948 49 Considering the paucity of the available

tendency to multiply universities on local or regional grounds needs to be checked There is much force in the recommendation of the University Commission in favour of bringing university education under the concurrent control of the State and the Centre and setting up a University Grants Commission The University Commission has also expressed itself in favour of the establishment of Rural Universities Some progress in this direction may be possible during the period of the Plan One immediate task in connection with university education is to plan the transition in respect of the medium of instruction carefully so that the necessary text books and other literature are available in good time and the quality of education does not suffer in this process of change Overcrowding in universities is becoming an acute problem Many of the students who join the universities are not able to profit from higher education to any great extent The excessive resort to universities can be largely prevented by a more adequate provision of technical and vocational education at lower levels supplemented by vocational guidance Vocational guidance and aptitude tests are yet in an undeveloped stage in India Steps should be taken to make up this deficiency as early as possible

TECHNICAL EDUCATION

13 Provision for technical and vocational education has to be made on a much larger scale than has been hitherto found possible There is room for much greater collaboration between industry and the institutions which train technical personnel in order to ensure that the curriculum is closely related to the needs of industry and the requisite facilities for practical training are made available The existing technical and vocational institutions have to make up considerable leeway in point of efficiency both with regard to equipment and the quality of teaching For the benefit of large numbers who engage themselves in different productive pursuits in the country it is necessary to set up a network of regional training centres with workshops and agricultural schools for farmers

SOCIAL EDUCATION

14. Attempts largely of a sporadic c ... de to promote the social education of the ... is not essentially a matter of class-room ... be diffused through all the varied activit ... c should find its main focus in communit ... nd

to the establishment of which in every field of work increasing attention should be paid Provision should be made for the systematic training of social education workers in community organisation and the technique of mobilising community resources for constructive purposes Traditional cultural agencies like the folk dance drama Bhajan Kirtan etc can make valuable contributions to the progress of social education In order to make the best of the limited resources which are available social education projects should be linked up as much as possible with programmes for intensive rural development

SELF HELP

15 Educational progress will be speeded up if the potential capacity for self help which exists in any community is brought into fuller play This has special relevance in the field of pre basic and social education and the provision of buildings for schools Private agencies working in different fields of education should be given all possible encouragement and support by the State

16 In a country which cannot afford even the minimum standard of living for the bulk of its people and can allocate only a small fraction of the resources needed for providing educational facilities on an adequate scale it seems necessary to explore the possibilities of the idea of self support which formed an important feature of the programme of education placed before the country by Gandhiji Research should be undertaken as to how far education can pay its way without its essential purpose being in any manner sacrificed

17 The cost of education that falls on the average family is another matter which calls for serious consideration It is becoming almost prohibitive for the middle classes especially at the university stage and it tends to keep many promising boys and girls out of higher institutions because they have not the means to pay for their education It should be possible we feel to combine educational courses with suitable types of work which would enable at least a proportion of students to support themselves partly or wholly while at school or college Successful work on these lines is in progress in several countries and suitable facilities need to be developed in India This will incidentally have the advantage of redressing the balance in the present system of education which continues to lack a sufficiently practical character

CHAPTER 18

SOCIAL WELFARE

In its wider sense Social Welfare comprehends all the social services and whatever may contribute to the well being of the community At any time however there exist special aspects of the needs and problems of the community which do not receive adequate attention in the ordinary course and are a suitable field for org nised social action which lends itself eminently to the ministrations of voluntary agencies In this field the State itself has definite responsibilities and an increasing part to play

2 On account of the limited resources at the disposal of the State its direct participation in social welfare cannot extend much beyond the sphere of elementary social services like education and health Even in respect of education and health it will be many years b fore the provision made by the State reaches standards which may be regarded as the barest minimum for civilised society In those directions too voluntary effort will therefore be expected to cover as much as possible of the ground left vacant by the State Outside the activities relating to education and health there remains a large range and variety of socially necessary work which is bound up with the well being of large sections of the community and will be an important element in its all round progress

3 Taking a broad view social welfare activity actually concerns itself with the under privileged groups neglected areas the vulnerable sections of the community and those who are labouring under physical or moral handicaps The welfare of the rural areas becomes in the present conditions of the country the first priority in social welfare The backward classes have for a time to remain objects of special care on the part of the community The needs and difficulties of women and children must receive constant consideration not simply because they occupy a vulnerable position but also because they constitute the most vital elements of the community The welfare of the youth of the community claims attention on the same ground Among the physically handicapped are the deaf and the mute the blind the maimed and those affected by diseases such as leprosy The delinquent child the beggar by choice the criminally disposed and those whom circumstances have led into vice stand in need of moral rehabilitation

4 Natural and other calamities occur and test the spirit of the people and the efficiency of the social organisation An important aspect of social welfare is the question of social relations which should be a subject of constant study The social and economic organization cannot function smoothly if it is exposed to abnormal social tensions these may partly be regarded as a reaction to social injustice and denial of equality of opportunity but are in no small measure due to the failure to bring about timely adjustment and enlightenment

THE APPROACH

5 There are several considerations which should govern the approach to the problems of social welfare It should be definitely recognised that for the most part these problems have their origin in the defects of the social order and the needed remedial action is thus a clear social obligation and not just a field for the practice of charity Our primary concern should be to prevent the e failures of the social mechanism and to create conditions in which the occasions for the exercise of charity and acts of social service are reduced to the minimum Meanwhile in the interests of social solidarity and peace the very best that is possible should be done by different agencies towards relief and assistance and betterment of the groups suffering from various disabilities So large is the variety and magnitude of the problems that have to be dealt with that organised effort must necessarily be concentrated on selected portions of the field where the urgency is considerable and the results likely to be commensurate with the effort In the determination of priorities for this purpose it has to be remembered that the exist ence of some of these problems detracts definitely from the fullest and the best utilization of the country s resources If for instance delinquency and vagrancy and the inferiority with which large sections of the community are stamped today are largely done away with these elements can make some contribution to society instead of being a drag on it If rural welfare campaigns are integrated with programmes for intensive production in rural areas substantial economic and social benefits will accrue For the same reason far more importance attaches to occupational rehabilitation and provision of work than to measures of assistance for tiding over periods of want and distress It would be a mistake to take a grim view of social welfare activity as being confined to the relief of pain and alleviation of suffering Everything that helps to brighten the lives of the people increases opportunities for health and recreation and adds to their joy is welfare work of a high It is equally within the scope of social welfare work to

tho e who overspend indulge in luxury and waste the country's resources in conspicuous consumption to adopt more sensible ways Through the whole range of social welfare activity the emphasis should be on stimulating local initiative self help and cooperative endeavour

COORDINATION AND REGULATION

6 Numerous agencies and a host of institutions big and small are engaged in social welfare work all over the country Some of it is of indifferent quality for want of funds suitable personnel or the necessary guidance It has been observed that in many places the means provided by charity are not put to the best use This acts as a deterrent to the fuller flow of charity for such purposes If ways can be devised to place this work on a sounder footing it would not be difficult to enlarge greatly its scope and value For this purpose it may also be necessary to mobilise public opinion and introduce a measure of regulation in respect of the conduct of a large number of charitable trusts and institutions functioning in his country A certain amount of legal regulation is being attempted in a few States There can be no objection to provisions being adopted throughout the country requiring public religious and charitable trusts to regi ter them elves and furnish audited statements of accounts and reports and other necessary information Any further mea ure of regulation by the State can be decided upon only after a careful and comprehensive enquiry With regard to widows home childrens homes and orphanages the need for inspection cannot be questioned. Restriction of Government grants in aid to registered and approved bodies can bring in a measure of healthy control While it is desirable to keep down official inter vention in such matters to the minimum much good can come from voluntary self regulation with the help of central organizations which may evolve suitable standards and secure their observance by virtue of an accepted discipline attaching to the members of the organization and through the force of an awakened public opinion The functions of a central organization may extend to matters of common interest such as the training of personnel production of literature and serving as a pool and clearing house for information ideas and an ordered policy In the following chapter reference is made to a proposal for one such central organisation the Bharat Sewa Sangh which may among other things help in coordinating he cattered work of a large number of social welfare agencies without impairing their decentralised character

7 The welfare work which Governments in the States and the Centre themselves undertake and assist is of considerable size and of a varied character Much can be gained by a more effective internal co-ordination of this work The Advisory Board of Social Welfare set up by the Ministry of Education is a u eful step in this direction A committee of the Cabinet assisted by a committee of the Secretaries *primarily concerned both at the Centre and in the* States may be considered as a suitable machinery for the purpose of co ordination of social affairs on the official side There is also room for a joint body bringing together official and non-official agencies for formulating general policies and lines of action in the field of social welfare

Training

8 The scientific method has its application in social welfare work no less than in other branches Haphazard activity in this field is wasteful and may sometimes do harm Training of personnel for social welfare has therefore its own importance The professional social worker as well as the voluntary worker has his place the latter supplying the bulk of the manpower and receiving guidance from those who have the necessary training For the voluntary workers simple and rapid courses have to be devised to suit their diverse requirements Courses of studies for the professional worker have to be designed and standardised keeping in view the practical needs and conditions of the country While technique and method are of great value missionery zeal and the spirit of service are indispensible ingredients in the make up of the social worker to whatever category he may belong For achieving substantial results it is necessary that the entire official personnel in health education and other social services should have the necessary social outlook Much good will result from imparting a strong social service bias to educational activity at all levels

Social Research

9 It is imperative that both legislation and action undertaken in the socio-economic field should be based on adequate understanding of the problems involved and the social forces at work which in turn implies competent and comprehensive research in the social field Social research based on an integrated approach to of social life is e sential for planning of social welfare acti on a national scale It is necessary therefore to establish a

research organization of social sciences of which the main function would be to assist in the encouraging pooling and direction of research work in the social field in various university departments and research institutions The actual composition and functions of uch a body will have to be determined after careful investigation and consultation with the institutions carrying on social research in the country

COMMUNITY ORGANIZATION

10 Community organization is now recognised as the most effective means of social betterment and the key to the successful development of social welfare programmes The essence of the technique is that regional groups containing a manageable number of families living in close proximity in well defined areas are organised as democratic units cooperating for the furtherance of common interests Community organization should generally be created sustained and managed by the regional community In the initial stages however such a movement may be sponsored by the State and it should be one of the major tasks of social service agencies to organi e and strengthen the development of regional democratic communities and equip them for initiative leadership and local organization for creating community programmes having as their main elements—

(1) community recreation and fitness programmes

(2) fundamental education and cultural development

(3) economic welfare through cooperatives

(4) woman and child welfare

(5) environmental planning and development

(6) youth welfare

(7) general and social welfare activities and

(8) effective organization of the social and economic life of the community through cooperatives and panchayats etc

A community centre may easily develop round a programme of fundamental education as the nucleus for the integrated growth of ocial welfare activity in rural as well as in urban areas

RURAL WELFARE

11 The central problem of rural development is the creation of sound leadership which will command the confidence of the villagers place before them new objectives create a desire for a better life and mobilize them in a common endeavour to accomplish programmes of community betterment Conditions will thus be created under which the technical assistance offered by the State can be put to the best use and other official and non official effort will produce the maximum results The organisation of cooperatives and community centres will itself be the means for developing this leadership For its varied activities the community centre will need a habitation a kind of a *panchayat ghar* which the community should provide for itself by its voluntary effort and with such official or non official help as may be available A social worker of the requisite calibre background and training will be the pivot for the development of a community centre A beginning may be made with a community centre in an area of 50 to 60 villages corresponding to the proposed development blocks in the districts Possibilities may be explored of converting existing centres of rural work into community centres A programme of establishing at least 500 community centres during the next five years should be considered Training centres for organizers of community centres will have to be started Facilities at existing institutions for the training of rural workers should be more fully utilised

BACKWARD CLASSES

12 The advancement of the backward classes is a task which stands in a category of its own because of the special disabilities from which they suffer and provisions in the Constitution designed to raise them speedily to the level of other sections in the community The backward classes consist of scheduled castes schedule tribes and the other backward sections In Part A and B States they form respectively 14 87 5 3 and 20 per cent of the total population The Constitution itself provides special machinery on behalf of these classes and most of the States have their own departments to look after the interests of backward classes In the first part of the Five Year Plan Rs 18 crores have been provided for the amelioration of the backward classes The difficulties of the backward classes are in part an incidence of the low development of the country in which the greater portion of the limited opportunities available have gone to sections of the population which enjoyed certain advantages Plans for the economic development of the country hold promise for the backward classes inasmuch

as in all directions State policy is designed to redress the balance in favour of the weaker groups and the under privileged sections of the community The programmes for agricultural reorganization and rural development the schemes for the vigorous promotion of cottage industries the emphasis on expansion of facilities for technical and vocational education and the special importance attached to preventive aspects of health services must necessarily bring about a relatively greater improvement in the conditions of the backward classes The progress of social amenities and services will however be restricted during the period of five years on account of the limitation of financial resources and it is necessary that in the execution of the various programmes the administrations concerned assign a high priority to the needs of the backward sections While social disparities and barriers have to be removed by effective State action as well as through sustained efforts towards the social awakening of the backward as well as other sections the emphasis of the administration and of the agencies engaged in the welfare of backward people should be on the prevention of economic exploitation improvement of earning capacity fuller and more regular employment and provision of facilities for training The problem has to be attacked on all fronts but there are a few aspects which merit special consideration The deplorable housing conditions of the members of the scheduled castes in villages as well as in towns should take precedence in programmes of improvement and legislation on the lines of the Homestead Act of Bihar may be usefully undertaken in other States Hostels and *ashrams* to accommodate students and the provision of stipends on an increased scale will effectively aid the spread of education among backward classes

Women and Child Welfare

13 Efforts to secure social and economic progress will not secure substantial results if women are not placed in a position to make their due contribution to the life of the family and the community Women should figure more and more in all social welfare programme till the existing disparities are set right Plans for social education will have fulfilled their purpose largely if women are made aware of the conditions and problems of the country and can vividly see the remedies that should be applied What the health of the family and the quality of the younger generation owe to women are well known but there is yet no adequate recognition of how great can be the womans part in the economic reconstruction of the country particularly in the rural areas if she can have a little more knowledge and a little more training Among the

many things that have to be done for the welfare of women improved ante natal and post natal care should have precedence and the activities of the State in this field should be supplemented on a large scale by voluntary agencies Village girls with basic or senior basic training *should be selected by village panchayats and given* training as nurse midwives In every district hospital facilities for such training should be provided Family counselling should be an important aspect of any welfare service organised for women Advice and assistance should be provided with regard to family planning as many of the health hazards and economic ills of families are due to the too frequent arrival or too large a number of children Supply of food supplements to expectant mothers and infants should also receive greater attention Other directions in which greater effort is necessary are the provision of playgrounds for children child guidance clinics and the production of juvenile literature

Youth Welfare

14 Some programmes for the benefit of youth are at present being undertaken by the State as well as by private agencies The existing youth organisations should be helped to carry out their programmes in a more comprehensive and effective manner The youth of the country will appreciate and benefit greatly by a larger provision of holiday homes and camp sites and much remains to be done to develop the youth hostel movement in the country

15 The student movement should be encouraged and helped to extend its programmes to include physical fitness recreation intellectual and cultural activities development of hobbies and interest in applied sciences and social service in various forms It is necessary to develop a national playground movement in India to provide the maximum opportunity to youth for physical fitness and recreation It will be desirable to co-ordinate the activities in this field of various agencies on a regional basis so as to avoid waste To reserve adequate space for playgrounds in congested areas legislation may be necessary

The Handicapped

16 The training and rehabilitation of the blind the deaf and the mute is an important social activity to which more public effort should be directed specially on the part of voluntary agencies There is need for much greater co-ordination of these activities. For the crippled child adequate provision does not exist in the country Much avoidable suffering is caused by neglect at the

early stages and insufficient measures for early detection More adequate arrangements are needed in respect of prosthetic aids and the educational needs of the crippled child

Prison Reform

17 It may be hoped that the incidence of crime will diminish as measures for spreading education improving economic conditions and bringing about social justice and security bear fruit The life of the convict during and after his prison term is a matter for closer attention than has been possible in the past Progress in this respect has been uneven in the various States and the whole question calls for a full assessment so that experience may be pooled and a reasonable degree of uniformity in measures for reform may be secured There is a challenge in the prevailing belief that a sentence in prison confirms rather than cures the tendency to commit crime and special action is required for the protection of the youthful offender and the casual newcomer from further harm In the jails there should be great stress in making the most productive use of the prisoner's time and giving him training in improved techniques which will stand him in good stead after his release A great deal more can be done by social service agencies in collaboration with the authorities for social education in the prison and for the aftercare and social rehabilitation of the released convict

Delinquency

18 Considering the number of children put up for trial for various offences the problem of the delinquent and the neglected child deserves much more consideration than it has received so far A measure of uniformity in legislation is sought to be secured through a draft of a model Childrens Act prepared under the auspices of the Ministry of Education There is need for more institutions managed by suitable private agencies to segregate and take care of neglected children who are otherwise normal

Social and Moral Hygiene

19 The movement now afoot on a small scale for upholding the highest family traditions securing recognition of equally high standards of morality for men and women for raising the standard of character and conduct in sexual relations and for exploring and removing the causes which create moral dangers for the young should be supported and encouraged There is need for constant vigilance over private agencies which have taken up the work of rehabilitating morally handicapped persons

CHAPTER 19

PUBLIC COOPERATION

For the purposes of planned economy functioning on democratic principles public cooperation is both a force and a sanction Democratic planning will not succeed unless the sanction of an awakened public opinion operates powerfully and the force of public action in pursuit of constructive ends continually grows A democracy working for social ends has to base itself on the willing assent of the people and not the coercive power of the State This leads to the application of the principle of cooperation in all phases of social activity and in all the functions which bring together individuals for the pursuit of common purposes The people have to cooperate among themselves and with the various agencies responsible for the formulation and the execution of the plan Every Government seeks the cooperation of the people for whatever policies it adopts We have before us here however a much wider view of public co operation in which the interests of parties are relegated to the back ground and the common objectives of the nation regarded as a unity are the sole consideration Certain elements may not agree with the Plan and the aspirations of a section may far exceed the level of achievement set as the target of the Plan for the period of the Plan on account of the various existing limitations but if the direc tion of advance is in line with the expectations of the bulk of the people and the rate of progress is not too slow the essential pre requisite for winning public cooperation will have been secured

2 Other conditions have to be fulfilled before the full flow of the peoples energy for the tasks of the national reconstruction can be assured The ignorance and apathy of large numbers have to be over come A clear understanding of the conditions and problems and of the appropriate remedies has to be carried to the people at all levels Their own views about their needs and difficulties and the correct solutions must be elicited and given the fullest weight in making the plans in the execution of which they will be called upon to assist The initial interest aroused by the prospect of better things for themselves can be sustained only by the sight of achievement however moderate and the consciousness of a share in it however indirect Means have therefore to be de-vised to bring the people into association both at the stage of for mulation of the plans and in their implementation from stage to stage If obstacles are encountered and things go wrong anywhere

it would be helpful in every sense if information is imparted candidly and the people are acquainted with the steps being taken to set things right It is an error to belittle the capacity of the common man to find out and accept what is good for him

3 The quality of public administration is of the utmost consequence in relation to the possibilities of enlisting public cooperation Lack of confidence in the integrity or capacity of the powers that be and in the administrative machinery will undermine the foundations for the constructive use of the energy of the people If at the level at which the citizen meets the administration he encounters corruption delay and inefficiency and if he finds no sign of effective steps against the anti social elements who exploit the community and enrich themselves at its expense it will become difficult to evoke the enthusiasm and active support of the people At the same time organised public opinion acting through appropriate channels will itself become a healthy check and deterrent to evil doers in society as well as in administration and should strengthen the hands of those who are working for higher standards and reform But the role of public cooperation in democratic planning is much more fundamental than can be judged from these considerations alone The concept of planning has been associated largely with the totalitarian regime in which a group has gathered in its hands all the power to control and regiment the life of the community and to command and direct its material and manpower resources What is there in democracy to take the place of this unified direction and the force which will remove obstructions from the path of economic development along a set line?

4 Considering the way democracy works on the basis of fragmented authority and of parties with uncertain tenures attempting to reconcile all kinds of contrary interests and purposes no plan it might appear can proceed very far Conditions have however developed in the world which make planning not only compatible with democracy but essential for its very survival A common social outlook which interprets progress in terms of social justice and the economic and social well being of the masses is crystallizing among all the believers in democracy This can furnish the ingredients of a national plan as distinct from party programmes It can also become an instrument of social cohesion in a community which is otherwise riven by sectional loyalties based on caste creed or religion The fulfilment of a plan of economic development rests very much on the capacity of the community to transmute this common social outlook and the deep aspirations of the people for progress into a living force and its use for constructive purposes While the immediate limitations to the pace of social change in a democratic framework should not be ignored the capacity of human nature to adapt

and adjust itself to new situations involving the vital interests of society and the possibilities of an accelerating tempo of progre should also not be under rated

5 In a democracy the State cannot make use of all the real resources of the community directly or through private enterpris acting under the impulse of profit A large field remains for planned effort to canalise on a voluntary basis the unused time and skill and other spare resources of the people and to secure for the community and its weaker sections a volume of economic and social benefit which would otherwise have not accrued Voluntary service can be marshalled in rural areas for the construction and repair of sources of water supply roads school buildings and works for better sanita tion and for satisfying a variety of needs which would otherwi e *remain neglected for years because the State has no financial re* sources to spare for the purpose Voluntary activity on these lines mostly of a sporadic character is being carried out in different places in the country The State itself has lent support to such activity in several cases It is necessary to evaluate and pool the varied experience in recent years and work out the most effective methods for the utilization of the available voluntary effort An aspect of public cooperation which deserves to be explored and developed is the possibility of harnessing the spare manpower in the country for the cheaper execution of irrigation and power projects In the per formance of these tasks small groups everywhere can find scope for cooperative activity and the exercise of initiative and every indivi dual can have something to which to devote his spare time and energy Large scale opportunities can thus be furnished to the student community all over the country for building up both physi que and personality These acts of disciplined service on the part of individuals and groups will foster the growth of leadership at all levels and will strengthen the economic and moral foundations of the community The cadres of leadership which must thus arise will preserve and develop a new social fabric and will become the guardians of the social order

6 The process will however remain weak and dispersed unless it is stimulated shaped and consolidated by the social leadership of the time This can only be done through a new organisation which will embody these conceptions and mobilize the voluntary effort of the people to promote economic and social progress and to ensure the *success of the Plan*

7 There are indications that the idea of setting up such an organisation in the near future will meet with wide approval

support It has been suggested that the organisation should bear the name of Bharat Seva Sangh and should have the following objects

(i) to find and develop avenues of voluntary service for the citizens of India to—

(a) promote national solidarity and build up the economic strength of the country and

(b) promote the social well being of the community and mitigate the privations and hardships of its less favoured sections

(ii) to draw out the available unused time energy and other resources of the people and direct them into various fields of social and economic activity and

(iii) to take all steps which are necessary for the fulfilment of the aforesaid objects

8 The Sangh may assume the function of rendering assistance—

(a) in restoring and improving the social health of the community by—

(i) building up standards of honesty in public conduct public administration and business relations

(ii) creating a social atmosphere conducive to the observance of such standards and

(iii) organising public opinion and social action to combat anti social behaviour

(b) in creating social awareness among the people with regard to the prevailing conditions and problems and their own obligations and to the need for unity tolerance and mutual help

(c) in conducting campaigns and in the adoption of practical measures for—

(i) the conservation and best utilization of public and private resources

(ii) promoting the practice of economy in the various spheres of the country s life

(iii) detecting and rooting out waste and inefficiency in the nation s activities

(iv) the general adoption of the practice of austerity and

(v) creating maximum savings to promote productive activity

(d) to official or non official institutions or agencies in improving the existing facilities or providing additional facilities with regard to health education recreation co-operative production and distribution cottage industries rural development and community organisations

(e) in the collection of useful information regarding the economic and social life of the people through social surveys and investigations and

(f) in the work of relief and rehabilitation of displaced persons

9 An organisation like the Bharat Seva Sangh can function successfully only if it preserves a purely non official and non political character and provides a national platform for the service of the nation irrespective of caste creed or political belief

CHAPTER 20

REHABILITATION OF DISPLACED PERSONS

THE problem of rehabilitation of displaced persons falls into two parts relating respectively to displaced persons from West Pakistan and those from East Pakistan The leading features of the problem may be briefly indicated

2 Displaced persons from West Pakistan account for about 4 9 millions out of a total population of 7 5 million displaced persons recorded at the recent census About half of this population has been absorbed in rural areas in India in the main through the allotment of evacuee land on quasi permanent basis in Punjab and PEPSU and through allotments made to cultivators in Rajasthan There has been a pressure to settle in towns on the part of displaced persons who lived in villages in West Paki tan but did not cultivate with their own hands This is one of the factors which has intensified the problem of urban rehabilitation

3 Rehabilitation in towns of persons who have no skill or are mainly dependent on ancillary occupations like petty trade presents pecial difficulties in an underdeveloped country in which expanding opportunitie of employment are not available These difficulties were increa d because of the adverse effects of Partition on the trade and industry of large parts of the country The main objects of urban rehabilitation are to provide shelter and gainful employment The need for shelter has been met in the first place through the lease of such evacuee urban property as was available and in the second place through an impressive programme of new construction extending over three years During this period over Rs 26 crores have been spent by the Government of India on the extension of existing towns and the construction of new townships Altogether in addition to about 180 000 evacuee houses allotted to displaced persons Government have constructed 68 000 houses and tenements During 1951 52 38 000 houses and tenements are to be constructed and the greater part of the programme is in hand

4 It is roughly estimated that about two lakh earners have found employment through Employment Exchanges and directly under Government Small loans amounting to about Rs 10 crores have been given to 148 000 displaced persons engaged in business Substantial assistance ha al o been afforded through the allotment of 34 000

evacuee shops and 27 000 newly constructed shops loans granted by the Rehabilitation Finance Administration and the provision of technical and vocational training each year of 16 000 displaced persons

5 From a recent assessment of the progress made in the rehabilitation of displaced persons from West Pakistan it appears that probably about four fifths of the population has now been more or less absorbed in the country s economy As for the balance there are large variations in the extent to which individuals are able to provide for themselves The entire problem of rehabilitation of displaced persons from West Pakistan now hinges on the completion of quasi permanent allotment of urban evacuee property on which work is in progress It is anticipated that although important gaps will still remain and a substantial decline in standards is unavoidable most of the displaced persons from West Pakistan will have been absorbed when the allotment of evacuee property has been made and the housing programme of the Ministry of Rehabilitation executed The programme for rehabilitation of displaced persons from West Pakistan which is in view for the next three years will require fresh consideration when evacuee properties have been allotted

6 During the past two years the problem of displaced persons from East Pakistan has grown to large proportions There are at present about 2 6 million displaced persons from East Bengal The bulk of them are in West Bengal and on a general view about one half of the population may be said to have been absorbed within the economy The situation in respect of this section of displaced persons has throughout remained fluid and is liable at any time to marked change With the size and character of the problem remaining uncertain the planning of rehabilitation is difficult There are two other factors which increase the complexity of the problem There has been a great deal of unwillingness on the part of the displaced persons from East Bengal to move to States other than West Bengal In West Bengal itself the physical resources available are meagre and even with large scale investment by Government only limited results can be expected It does not appear possible in the conditions of West Bengal to absorb the entire population of displaced persons now seeking shelter in that State There is no effective solution of the problem except through programmes of dispersal extending to a number of other States The factor of unwillingness on the part of the displaced persons to settle in other States has to be countered and in their own interest they should be induced to change the present attitude As it is the pressure on the resources of West Bengal may in time reduce the economy of that State to breaking point

7 The emphasis in the Five Year Plan on agriculture and rural development irrigation and power projects cottage and small scale industries and programmes of technical training is likely to hasten the rehabilitation of displaced persons The more they spread into different parts of the country the wider will be the opportunities for gainful employment for them

8 The amount provided for rehabilitation in the Plan (Rs 79 crores over three years) should not be viewed in isolation The working of the Plan a a whole and the increased strength and stability which it will bring to the economy will be powerful factors in promoting rehabilitation especially of those sections of displaced persons who show a spirit of enterpri e and a will to re-establish themselves For many year the displaced persons will have special problems and difficulties and these will call for prior attention on the part of the administration The emphasis should however be in increasing measure on the building up of the economy and on the integration of programmes of technical training and other assistance with programmes of general development

9 The problems of rehabilitation have been merely touched upon in this chapter We recognise the value of what has already been accomplished and the need to complete the present programmes with the utmost expedition In finalising the details of the plans with the States we are giving special attention to thi aspect of the problem

CHAPTER 21

PLANNING AND ADMINISTRATION

IMPLEMENTING THE PLAN

A PLAN must have its ultimate objectives but its first purpose is action in the immediate future To implement a plan there must be a clear understanding of the objectives of policy the necessary financial resources adequate administrative machinery and in each field the cooperation of those with whose help the plan has to be implemented In the earlier parts of this report an attempt has been made to set out the objectives of planning and the resources available over the next five years and suggestions have been made for securing public cooperation in the tasks of reconstruction This chapter is concerned with some problems of administration bearing on the implementation of the Plan

2 Once a programme has been drawn up after mutual consultation by the Central and State Governments it is important that consistent with economic policy and the overall objectives proposed in the interest of the country as a whole there should be the widest possible devolution of functions for the implementation of the Plan The aim should be to ensure that in each State and in respect of each section of activity under the Plan through the exercise of local responsibility and initiative and under the impact of public opinion the Plan becomes an effective medium of local action The role of the Central Government in relation to the National Plan is—

(i) to ensure that the economic conditions necessary for the fulfilment of the Plan are maintained

(ii) to ensure that the pattern for the utilisation and development of the resources is in accordance with the Plan

(iii) to make an objective assessment from time to time of the results achieved in its own sector of the Plan and in the States as also in the private sector

(iv) to keep under constant review the financial aspects of the Plan and

(v) to make such changes and adjustments in the Plan as may be necessary from time to time

The danger of over centralization has to be avoided so that within the limits of national policy the initiative of State Governments and local authorities is not cramped

3 The administration of the Plan depends partly on the machinery of general administration and partly on new administrative machinery to be set up in different fields

4 The aim of providing new administrative machinery in particular fields in relation to the Plan is twofold first to ensure improvement in execution and secondly to provide machinery through which the smallest unit can take its share in framing and executing its part of the Plan In agriculture for example it is hoped that with the help of the machinery for rural development proposed in an earlier chapter it will be possible to build up gradually a structure capable of working out and achieving national targets For industries which remain in the private sector within the framework of legislation relating to industrial control and regulation Development Council representing industry and labour have been proposed The Development Council is expected to grow into a local planning organisation for the various units engaged in an industry The staff of the Development Councils is to be provided by Government so that a continuous link may be established between Government on the one hand and each individual unit engaged in production on the other

5 During the past few years the functions of Government have extended in a number of new directions The most important of these relate to controls over food and civil supplies Government has also to intervene a great deal more in economic life Whilst its responsibility in the field of agriculture and transport is direct and comprehensive commerce and industry are also becoming dependent in increasing measure on the policies of Government and the manner in which they are arrived at and implemented In the third place there are already a number of large industrial undertakings for the finance and management of which Government is directly responsible Thus in addition to the traditional spheres of State activity there are three important fields in which in recent years demands have been made on Government which hitherto it has been unable to meet adequately Since frequently new duties have devolved on an administration already over burdened—duties for which the requisite experience and training did not exist in sufficient measure—it is a widely held view that the system of administration requires fundamental changes so that it can be adapted to the new needs Before considering the fields of specialised administration to which a reference has been made it will be useful

to review briefly the state of public administration in relation to planning at the present time *

PUBLIC ADMINISTRATION

6 Four years ago when the present administrative machine was taken over it had not yet recovered from the strain of the war years and in the space of a few weeks it lost a considerable proportion of personnel belonging to the higher ranks Since then new burdens have fallen on the administration At the same time arising from parliamentary forms of Government there have been fundamental changes in the place of the public services within the scheme of Government The subject has vast ramifications and it is possible here only to touch upon a few of its aspects The factors which influence the efficiency of administration are numerous and complex in their cause and effect Some bear on the character and quality of public life some on the capacity and nature of the administrative machine others impinge on the relations in a parliamentary system between the political executive and the public services In their turn these various factors are likely to be influenced by the principles which govern national economic policy

7 To the extent that policy is clear and continuous the necessary organisation rules and conventions can be established whereby administration becomes impersonal It is in general interest that as large a field of administration as possible should fall within the limits of an established system In recent years there has been too large an area within which policy has been weak or in doubt and in consequence the administration has been ineffective Certainty and continuity of policy on questions of major importance will go a long way towards increasing the efficiency of the administration It will give greater scope to the administrative machine and will limit the influence of the personal or the political factor In no field is this likely to be more true than in that of controls especially those connected with food and cloth It has to be recognised that while each control has to be justified on its own merits the principle of purposeful distribution when supplies are short is of the very essence for a planned economy For such an economy to function within a democracy its basic assumptions have to be accepted by all who participate in administration whether as political chiefs or as members of the public services

* In this task we have been greatly assisted by the reports on Public Administration and Efficient Conduct of State Enterprises prepared at our request by Mr Gorwala

8 In short the discipline of policy paves the way for the discip line of action This consideration is in our view of far greater importance now than the problems of adjustment between the public services and their political chiefs which arose for the first time on the advent of freedom While in some fields of crucial importance due to repeated changes in policy the necessary administrative machinery and practices have not been established in others heavy responsibilities arising from new situations (for instance land reform and abolition of Zamindari) have been placed on the existing machine It is a sound principle that where new functions are assign ed the administrative machinery should be strengthened or supple mented at the same time Personnel for the higher kind of executive responsibility is strictly limited so that it is of the utmost importance for Government whether at the Centre or in the States to take on new functions only in the measure in which manpower resources of adequate quality are available Careful use of manpower employ ing the best men on functions most vital to the community is essential not merely for the efficiency of administration but for the success of planning itself The directions in which personnel may be best employed will depend upon the objectives which Govern ment sets before itself In future it may be possible to determine these in some part in terms of the Plan

9 Measures for the improvement of public administration needed at the present time may be considered in terms of three principal objectives namely greater integrity greater efficiency and greater response to public needs The conditions for a high level of integrity in the administration are

(1) determination on the part of the political executive and those who support it in the legislature to maintain a high standard of administration just and impartial free from influence and able to deal on merits with individual claims and grievances

(2) reduction of patronage both on the part of Ministers and officials for instance through insistence on selection to appointments over as wide a range as possible by Public Service Commissions or Special Selection Boards and

(3) determination and provision of adequate machinery to en force integrity in the administration as well as in public life

10 The first condition is an elementar obligation of the parlia mentary form of Government which democratic political parties may

be expected to respect but much will depend on their ability and earnestness in placing the public good above temporary advantage The second condition is generally accepted in principle but not sufficiently honoured in practice The third condition is in some ways the most important It has been suggested that in the case of Ministers and high officials there should be provision for a tribunal to establish the facts the tribunal being appointed by the President or the Supreme Court In the services generally the suggestion has been made that as proof of corruption is frequently difficult to obtain an official with a bad reputation should not be given a position of responsibility or influence It has also been suggested that it would be proper in the circumstances of this country to create an offence in which the onus of proving that he is not guilty should fall upon a public servant who or whose dependents are found to have become suddenly rich We understand that these and other similar proposals are at present under examination by an expert committee in the Ministry of Home Affairs A number of useful suggestions have also been made regarding action which might be taken to enforce a standard of integrity in the services such as expediting departmental enquiries assisting public servants against whom specific allegations of corruption are made to launch prosecutions contradiction of newspaper allegations when they are incorrect and other possible measures

11 The principal factors which may help to increase the efficiency of administration may be stated to be right selection of personnel proper training efficient methods of work and organisation fixing of responsibility on the man who has to do the job giving him the necessary authority and improvement in the conditions of service including a prospect of permanent employment for a substantial proportion of the large numbers of public employees who still continue to be designated as temporary Government servants despite several years of service in departments whose functions may well be expected to continue for some years Much work has been done both in the Central Government and in some States on the detailed methods of implementing some of these suggestions These are primarily a matter for sustained implementation on the part of Government as well as the administration

12 Under democratic conditions the response which an administration makes to the needs and views of the public is of the greatest significance for two reasons In the first place there is no surer test of the success of a policy than that it should be in tune with the genuine needs of the people and should receive their sympathy and goodwill In the second place it suggests the need in all spheres

which affect the public of taking its best elements into confidence seeking their advice and formulating policies so that they should afford the maximum public satisfaction This part of the activity of Government is at present poorly organised and there is little doubt that some of the dissatisfaction arising from economic condition which has grown up during the past two or three years is due to the hiatus which exists between Government s policies and the general lack of knowledge of the essential facts and considerations on which they are based

13 Closely allied to this aspect is the question of providing administrative methods of dealing with public grievances in an efficient manner The present procedures cause much delay and change is necessary

14 A word may be added here about methods and procedures of the Central and State Governments in India Enquiry after enquiry has revealed the cumbrous character of numerous procedures which continue to the followed It is unnecessary to develop the theme Greater attention to the organisation and methods is needed both at the Centre and in the States Unless there is a continuous search for better methods and steady application of the experience of private enterprise in Government offices substantial improvement will be difficult The regular procedures of Government both administrative and financial need to be examined afresh so that the Plan can be implemented with the minimum of red tape and loss of time and energy on the part of those whose responsibility it is to produce results

15 There is much truth in the view that various measures which have been suggested for increasing the efficiency and capacity of the administration will not by themselves be sufficient for the discharge of the obligations which the Plan has placed upon the administrative machinery and that structural changes are called for This change has to be in terms of greater decentralisation of responsibility and initiative The entire system of local government in India it is urged is based on the principle that certain functions are in part assigned to local bodies which are not merely outside the main structure of the administration but are so starved of financial resources that they can achieve little Valuable experiments have been in progress during the past two or three years such as Janapada Sabhas in Madhya Pradesh and Panchayats in several other States We have had a special investigation made into these experiments The results do not appear to be conclusive enough at present to justify a judgment of the lines on which changes in the structure of

local government should be made and we are giving further consideration to the subject

16 There is another aspect of the problem of decentralisation to which a brief reference may be made There appears to have been during the past two or three years a tendency on the part of Secretariat organisations both at the Centre and in the States to draw unto themselves increasing function and increasing power This may happen at the expense of heads of departments or as in some States it may take the form of the abolition of posts such as those of Commissioners We are impressed by the importance of giving to heads of departments everywhere within the fields assigned to them the maximum initiative and responsibility so that they may be able to show adequate results There is need for senior officers to whom the new district officers can turn for advice and guidance In the context of the implementation of the Plan it will be a distinct advantage to have an authority like the Commissioner at the regional level

17 Improvement in public administration can only be brought about by concerted measures on the part of both the political executive and the public services There is need for leadership in both

Economic Administration

18 The main weaknesses of the existing machinery of general administration in recent years have been in the economic field which has expanded with extreme rapidity since the war Step are therefore necessary for strengthening what might be described broadly as the machinery of economic administration at the disposal of Government both at the Centre and in the States The functions of economic administration fall broadly under five categories

(i) administration of controls

(ii) formulation and execution of economic policy

(iii) administration of public enterprises

(iv) State trading especially in staple commodities entering the foreign trade and

(v) organization of Development Councils for industries

19 There is experience of almost a decade in the working of the main controls relating to food and cloth There is no reason why defects in the administration of those controls should not be eliminated if three conditions are fulfilled namely

(i) policy is formed and conceived with the purpose of enabling a control to succeed

(ii) the right men are placed in charge and given the necessary power and

(iii) as between the Centre and the States there is a clear understanding of what constitutes over riding national interest

20 If these conditions are fulfilled and in working a control care is taken to secure the cooperation of the honest producer trader and consumer and even justice is assured to all we believe there will be greater appreciation on the part of the public of the need for controls in the present conditions of the Indian economy The importance for the Plan of controls selected with due regard to requirements and administered efficiently has already been stressed The conditions of success are by no means difficult to fulfil and it should be one of the first tasks of the Centre and the States in implementing the Plan to improve the working of all controls Much of the controversy on the subject of controls arises from a lack of awareness of the real facts and from a fear that controls cause a lowering of the community s moral standards In fact it may be argued with reason that the efficient implementation of a control where it is essential involves the sharing of goods between rich and poor alike and is calculated to raise the moral standards of the community Much more rests on the way controls are administered than is commonly appreciated

21 The formulation of economic policy especially at the Centre is frequently handicapped by lack of statistical data in several important fields Steps to remove these gaps are being taken

22 For the execution of general economic policies there is need for some specialised personnel and for a much larger body of persons with general ability and experience of administration supported by some first hand knowledge of economic problems Future commercial representatives have also to be found The bias which is now being given to the study of business and economic conditions in the training of administrative officers and the organisation of a pool of officers trained for service in the fields or finance commerce and industry will in time help to remove the present deficiencies It will be useful

if early steps are taken to implement a proposal which has been under consideration for some time past to arrange for training with selected firms for officers who are selected for the economic side of administration

23 For State trading and the organisation of Development Councils for industries according to the needs as they arise it will be necessary to obtain personnel on the basis of long term contracts from commerce and industry To the extent that Development Council can be organised and begin to function as planning units for individual industries Government will have at its disposal a body of men with intimate knowledge of the economic and managerial problems of industry These men can be the nucleus of a future corps of qualified administrators who can assist Government in the direction development and organisation of industry The policy proposed by us in relation to industries in the private sector is based on the recognition not only of the financial limitation of resources but also of the fact that Government are not at present equipped in personnel to be able to attempt more than what has been proposed in the Five Year Plan From this aspect public enterprises like the Fertiliser Factory and the Machine Tool Factory will afford valuable experience for future development

24 The efficient administration of public enterprises is a matter of the highest importance both from the point of view of the investment made by Government and from the aspect of the future course of industrial policy

25 The principal civilian undertakings belonging to the Central Government are now in the charge of one Ministry It has already been decided that Government undertakings should be run as commercial enterprises and through joint stock companies in which the directors are nominated by the single shareholder namely the Government The need for ensuring a larger measure of autonomy to public enterprises is well recognised and should be maintained Over the greater part of the field the choice lies between management through a company and management through a corporation Department management has many disadvantages and is an appropriate form for public enterprise only under certain defined and limited conditions Where an enterprise is of a substantially commercial character and flexibility is necessary joint stock company is the better form. Where an undertaking performs what is in effect an extension of the functions of Government such as broadcasting a public corporation may be necessary

26 We have considered the lines on which the various industrial enterprises of the Central Government would be best administered A proposal has been made that a Central Board consisting of five or six full time members with a chairman and perhaps assisted by one or two industrialists on a part time basis should be appointed to run all the industrial enterprises of the Central Government Such a board may it is suggested become an expert body which can deal with matters of policy for the various units in its charge and also advise Government on projects which might be undertaken by it The suggestion is at present under the consideration of Government

Machinery for Planning

27 The preparation of the first Five Year Plan as has been explained earlier marks only the beginnings of the technique of planning in India For the implementation of the Plan it will be necessary to have adequate machinery both for planning and execution This raises a number of questions which we propose to consider in consultation with State Governments and other authorities Obviously there is need at the Centre for a planning organisation linked sufficiently closely to the Minister for Finance and Economic Affairs and at the same time enjoying a position of influence generally and in particular with the Central Government and the States In each State there is need for a small planning organisation an inter-departmental committee of Secretaries and also for a non official advisory body In the implementation of a State Plan the district has an extremely important part to play The manner in which executive responsibilities in the administration of the Plan should be determined is one of the important questions which have to be considered in consultation with State Governments In the district a District Development Board comprising officials and non officials has already been proposed In the field of rural planning it will be especially necessary to develop to begin with in areas selected for intensive development a system of agricultural planning in which all units beginning with the smallest play an active part in formulating and executing programmes In the States special steps are needed to ensure that local bodies are able to participate in the Plan in respect of their programmes In the private sector the organisation of Development Councils described earlier has to be worked out so that private enterprise can take its full share in the processes of planning in accordance with the social purpose underlying the Plan

28 In a country of the size of India where the States have under the Constitution full autonomy within their own sphere of duties it is necessary to have a forum such as a National Development Council at which from time to time the Prime Minister of India and the Chief Ministers of States can review the working of the Plan and of its various aspects The Plan has to be fulfilled so that besides achieving its direct aims and invoking the enthusiasm and the spirit of endeavour of the common people throughout the land it becomes a living instrument for the formulation and execution of basic economic policies for the nation

CONCLUSION

IN our Introduction we have explained the reasons for offering only a Draft Outline of the Plan at this stage We accordingly submit this Draft to Government In preparing this Draft Outline we have acted in close understanding and consultation with the Ministries of the Central Government and the Governments of the States and have taken the opportunity of consulting representatives of different sections of the community Our recommendation are at present tentative and before we finalise them we hope to receive and shall take into consideration further comments and suggestions from the Ministries from State Governments from our Advisory Board and Panels and from various organisations in the country

On account of their official preoccupations the Prime Minister and the Finance Minister have not always found it possible to take part in our day to day work Although they are in general agreement with our conclusions this agreement does not necessarily extend to every individual recommendation in the report Further their signature to this report does not of course commit Government to the acceptance of our recommendations which will depend on detailed consideration

JAWAHARLAL NEHRU
Chairman

GULZARILAL NANDA
Deputy Chairman

V T KRISHNAMACHARI
Member

CHINTAMAN DESHMUKH
Member

G L MEHTA
Member

R K PATIL
Member

N R PILLAI
Secretary

TARLOK SINGH
Deputy Secretary

July 7 1951

ANNEXURES

ANNEXURE I

PROJECTS INCLUDED IN THE FIRST PART OF THE NATIONAL PLAN 1951—56

Central Government Schemes (Excluding Irrigation and Power)

(Rupees in lakhs)

Ministry	Scheme	2 years total	5 years total	External Finance 5 years total 1951 56			Remarks
		1951 53	1951 56	Hard currency	Soft currency	Total	
1	2	3	4	5	6	7	8
I *Food and Agriculture*							
	1 Key Village Scheme	8 25	321 90				
	2 Research and Development of Marine Fisheries	10 00	50 00	16 00	12 00	28 00	
	3 Agricultural Statistics	10 00	25 00				
	4 Extension Training and Agricultural Organisation	50 00	00 00				
	5 Soil Conservation (including shelter belts)	20 00	100 00				
	6 Agricultural and Animal Husbandry Research	30 00	100 00				
	7 Grading and Fumigation	16 47	105 84				
	8 Livestock and Fishery Statistics	2 00	8 00				
	9 Jute Cultivation	25 00	50 00				
	10 Central Tractor Organization	399 00	687 00				
	11 Food Storage	2 00	56 00				
	12 Gosadans or Concentration *Camp for Cattle*	25 00	100 00				
	Total	617 72	1803 74	16 00	12 00	28 00	

N lR or l Sn f R h

( ) S t fi d Ind t l l e h

13 P f a h e p d t	00	5 00	6 00	4 00	30 00
14 G t n aid nd D t s t Sci tfi S u d I t t t	7 00	17 25	00	4 00	5 00
15 B bl gr ph l Ce t	2 69	10 26			
16 M B l g l St	4 15	1 55			
17 N t l Phy cal Labo t y	31 5	45 25	1 20	4 8	6 00
8 N u l Ch m cal L b ra y	3 00	45 00	3	9 20	11 50
9 N t l M t ll gical L b t y	8 95	3 95	1 2	4 8	6 00
o F l R h I t t t	18 25	4 5	3 00	1 00	15 00
I Ce tr l Gl d Ce am R rch In titut	4 00	00	40	1 60	00
22 Ce t l R d R ch I t t te	4 5	21 15	30	1 20	1 50
3 C t l F d T h l g c l R h In t tut	00	25 00	0 90	3 60	4 50
4 C t l D g R l In t t t	1 00	6 00	0 9	3 60	4 5
5 C t l El t Cl m cal R l I titut	18 00	31 00	2 40	9 60	12 00
6 Ce t l L tl R h I t t te	13 5	17 5	0	0 80	1 00
7 Ce t l B lding R ch I t t t	00	14 00	0 2	0 80	1 00

1	2	3	4	5	6	7	8
II N tural R s and Scie fi R h—contd							
( ) S ent fic and I d n l R ar h—(co td)							
	28 Coal Sur ey Stat s	2 20	2 20				
	29 Ele t d Radi Engineeri g Re arch I nt t	0 00	29 00				
	30 Mech nical E g g R earch I tnut	0 00	29 00				
	31 S lk d Art S lk Res h	5 00	5 00				
	T tal	243 14	461 36	20 00	80 00	100 00	Di tributi n b tween H d and S ft Cur rency is ppro-ximat
(b) M ner l Devel pment							
	32 E p n of Geol g cal S y f I dia	18 69	66 96	4 50	2 75	7 25	
	33 E p n n f I d an Bu of Min	9 21	39 23	1 94	4 56	6 50	
	T tal	7 90	106 19	6 44	7 31	13 75	
		271 04	567 55	26 44	87 31	113 75	

III *Co er d I d y*

34 Sh p b lding	57 00	1 95 00				
35 A tance t teel d t y	3 00	000 00	43 00	619 00	49 00	pp m t
36 Other S h m		00 00				
37 Cottag d Sm ll cal I d tn	6 00	00 00				
T t l	941 00	4195 00	43 00	619 00	1 49 00	

V *ll ork P od nd S pply*

38 Γ ul Γ t y	703 00	903 00	1 00	46 00	56 00
39 M hin Tool F ct y	535 00	978 00	472 8	163 00	635 00
4 Dry Co Cables F ct ry	30 00	3 00		61 58	61 58
41 P cilin d P l drin F ct ry	85 00	154 00		45 4	45 40
4 M th m tical I trum t Offi	50 00	54 00			
43 M d S lt Min	25 00	100 00	60 00		60 00
44 Ext t g S lt W k	2 00	50 00	7 00	5 10	1 10
45 P t g I k	5 00	5 00	1	0 68	2 78
46 W k d B ld g	400 00	000 00			
47 N k Pri t g I es	72 00	1 5			
48 O h S l m	5 00	100 00			
T t l	1889 00	3645 00	551 90	321 6	873 66

1	3	4	5	6	7	8
V l ort						
49 N t nal H gh y	500 00	300 00		00 00	100 00	
50 Co tal Sh pp g	400 00	400 00	264 00	528 00	792 00	
51 O ers a Sh pping	50 00	650 00				
52 I t Sh pp g Corpo t n	148 00	444 00	44 00	300 00	444 00	
53 M n E g rin Trai g S h m	57 00	57 00		8 20	8 0	
54 Me ha t N y Ratings T n ng S hem	14 00	35 00				
55 K dl P rt	475 00	966 00		180 00	180 00	
56 Inl d W te Tran po t	5 00	16 00				
T tal	2149 00	4868 00	408 00	1116 0	5 4 0	

VI *Com t*

( ) *C l A t S h m*

57 Cap tal Wo k	3 2 00	1006 80	9 3	6 36	89 66
58 A tical Communicat S ce Equipm t	34 00	00 20	60 00	4 00	84 00
59 Ai Ro t d A rodrom Equipm t	15 00	67 8	19 4	2 50	41 90
60 T i g a d Ed cat o Equipm t	6 80	5 10		44 67	44 67
61 R ch & Dev l pm t Eq p m t	20	1 10	3 01	9 4	12 05
62 A t e t Ai Comp ni f p h e f A craft		250 00	100 00	150 00	250 00
63 I di T l ph I d tries	130 00	30 00			
T tal	500 00	1717 00	11 71	31 57	5 2 28

(b) *P t nd T l gr pl*

64 E pans n f P t l T l g ph Rad d T l ph Comm nica ti	128 00	4000 00	45 00	15 7 00	1562 00
65 ( ) *M t l g l D p t*	3 00	62 00		14 00	14 00
66 (d) *O C m ns*	40 00	100 00	5 00	45 00	50 00
T l	1850 00	5879 00	61 71	1886 57	2148 28

1	2	3	4	5	6	7	8
VII *I ail ray*							
	67 R l ays Preg mme	8000 00	0000 00	500 00	15000 00	15500 00	ncludes external expenditure for purchase
VIII *F d t g*							
	68 B adca t ng Sch m	90 00	352 00	150 00	90 00	240 00	
IX *Ft t*							
	69 B c Fd cation	430 00	1250 00				
	70 Social Educat n	260 00	750 00				
	T d mcal Ed t on—						
	1 I dian Institute f Te hn logy Kharagpur	256 00	466 00	41 70	41 70	83 40	
	Devel pment d E p ns n of exi ting T h cal Institutes	137 00	137 00	21 60	1 60	43 20	
	73 Indian In t t t of Science Banga l re	77 00	77 00	20 91	20 91	41 82	
	74 Indu trial Tra ning Stipend Sch mes	21 00	52 00				
	75 Res rch T aining Sch l rsh ps S hemes	16 00	48 00				
	76 Dev lopm nt of H gh r Educat n a d Resea ch	120 00	420 00	102 00	105 00	207 00	
	Total	1317 00	3-00 00	186 21	189 21	375 42	

H alt!			
( ) *Pr f ssional Educ t n and P t Graduat R h nd Study*			
	77 M dical Coll ge in s ociation vith Irwin H pital	25 25	56 00
	78 Establishment f a D ntal Coll ge	2 00	9 00
	79 Co strusti of pe manent build g f Nursing Coll ge	15 00	25 00
	80. P t grad t Ce tre and Research in ociati n vith Irwin H p tal (All India M dical Instutut)	22 4	112 00
	81 Upgr ding f th exi tirg D part m ts f th M dical Colleg	6 00	35 80
	82 I crea d Training F cilitie f Nurses etc		5 00
	83 N rs g H me d Training Ce tre fo Auxiliary Nurses and Midwi es t Madras	1 20	1 80
	84 F ll h p	2 00	5 00
( ) *Devel p ner t f Cer t al Government I t t ns and P t H l h O g ns*			
	85 Expans n f Ce tral Resea ch Ins t tute Kasauli	1 35	4 55
	86 Lepro y Res arch Institute	3 00	15 00

1		3	4	5	6	7	8
(b) *Dev lopment f Ce ral Government Inst tutions and P t H l h Org t on— ntd*							
	87 Vall bha P t l Ch t Institut (D lhi Un rs ty)	7 00	13 00				
	88 Ranchi M ntal H sp tal	2 50	5 50				
	89 Yellow Fe I l n n Hosp tal t S nt Cruz	1 67	2 20				
	90 Yell Fev r Ho p tal at Dum Dum		2 50				
	91 Y ll w Fe r H p tal at Pal m		2 50				
(c) *H alth Pr ts to b d vel ped as oci t on with I ternational Organ s ns*							
	92 Child Health Care Centre Calcutta	31 40	44 25				
	93 Malaria Team	10 50	10 50				
	94 Anti Tuberculos s C ntre Delhi	4 34	10 85				
	95 B C G Schem	6 62	13 25				
	96 Res rch Centre in T B Control	1 14	2 85				
	97 Chol ra T am		0 77				
	98 Pl gue Team		0 76				
	99 Dev lopm nt of a Training F ld n Mat rnity d Child Health Improvement of Paediatric Nursing n Delhi Area	2 82	5 25				
	100 P l myelitis Programme in Delhi	1 90	4 00				
	101 Control f V D and dd tional Venereolog t nd Serologist f r V D Sch me	1 95	5 79				

(d) *New S hem s*	102 WHO a d UNICEF F ll sh p	1 7	67			
	103 H lth Educat n	0 45	1 9			
	104 V tal St ti t cs	5 00	5 00			
	105 Fam ly Pl nning	5 00	25 00			
	106 Additi al gra t t th I d Co cil f M d cal R h	6 00	5 00			
	107 R earch t System f M d in th th m d m m d c	00	37 50			
	F t l	166 94	488 69			
I *Labour*	1 8 I d t l H ing Sch m	350 00	1350 00			
	1 9 T hn cal and Vocati al Train g S hem f Ad lt C li	99 00	50 00			
	110 T hnical d Voc ti al Training —Pro f Tool d M ch ry	7 00	1 00	1 80	72	9 00
	11 T chn cal d Vocat nal T g Co tructo f B ld g	6 00	31 00			
	1 2 T aining d re t aining f tren hed k rs f lt m mpl yment	6 00	84 00	5	1 50	00
	13 Ce tral Tra g I st t t f I stri ct rs	4 00	9 00			
	I t l	49 00	1735 00	2 30	8 7	11 00

1	2	3	4	5	6	7	8
XII *Rehabilitation*							
	114 Three year Programme for Rehabilitation of Displaced Persons	5400 00	7900 00				
XIII *F*							
	115 Photogravure Project	2 50	2 5		2 50	2 50	
	116 New Mint Alipore	36 36	36 36		6 80	6 80	
	117 Silver Refinery Alipore	32 00	59 00		45 00	45 00	
	118 National Sample Survey	52 50	100 00				
	119 National Income Unit	1 92	5 67	0 65	0 65	1 30	
	1 0 National Savings Organisation	90 03	240 03				
	Total	215 31	443 56	0 65	54 95	55 60	
XIV *External Affairs*							
	121 North East Frontier Agency	83 50	300 00	35 00	5 00	40 00	
XV *Home Affairs*							
	1 Andamans	33 59	155 5				
XVI *St*							
	123 Aid to Kashmir for Development	100 00	76 40				
	GRAND TOTAL	23776 10	55 09 69	2568 21	19390 0	21958 91	

?oo c1)		Add t nal be f t —po (000 k)					
955 56	O 1 t m	1951 5	19 53	953 54	954 55	955 6	O com pl t
360	3 915			96	96	96	4
6c	3			150	5	150	74
3	9		4	48	48	65	5
2 33	6 33		4	94	94	33	933
7 9	823						4

1	2	3	4	5	6	7	8
XII *R habi t on*	1 4 Three year Programm f R hab l t ti n of D placed l crs ns	5400 00	7900 00				
XIII *F nc*	115 Photogravure Project	2 50	2 50		2 50	2 50	
	116 New M t Al pore	36 36	36 36		6 80	6 80	
	11 Sil e Refinery Alipore	32 00	59 00		45 00	45 00	
	118 N t nal Sampl Surv y	42 50	100 00				
	119 National Income Unit	1 9	5 67	0 65	0 65	1 30	
	1 0 N t onal Sav ngs Org ti n	90 03	4 03				
	Total	215 31	443 56	0 65	54 95	55 60	
XIV *External Affairs*	1 1 N th East Front r Agency	83 50	300 00	35 00	5 00	40 00	
XV *Hom Affairs*	1 And man	33 59	155 75				
XVI *Stat*	123 A d t Kashmi for Devel pment	100 00	276 40				
	GRAND TOTAL	23776 10	55709 69	2568 21	19390 70	21958 91	

... (000 ...re)		Add...nal be...efits—p... r (000 k...)					
1955 56	O... pl... m...	1951 5...	19...3	1953 54	1954 55	1955 56	O... com pletio...
360	3 915			96	96	96	4c0
6 0	1 3 5			5	50	50	274
73	95		—4	48	48	85	59
33	6 335		4	94	94	33	933
7 9	823						

1	2	3	4	5	6	7	8
\II	114 Three-yea Programm f Reh b lit ti n f D pl ced P rsons	5400 00	7900 00				
\II	re Project	2 50	2 50		50	2 50	
		36 36	36 36		6 80	6 80	
		32 00	59 00		45 00	45 00	
		52 50	100 00				
			5 67	0 65	0 65	1 30	
					<4 95	55 60	

II—*contd*

th fi t p t f th NATIONAL PLAN

(Rupees in lakhs) proposed			Balan f st	Ben fit Additi nal I rigation nd P (000 cr /000 K W)					
1954 55	955 56	F e years total		1951 52	1952 53	1953 54	1954 55	1955 56	On com pl t n
8	9		11		13	14	5	16	7
13 8	13 9	77 50	34 60	9	15	4 *S6*	2 *9t*	1 360 *96*	3 915 *400*
50		10 62							
7 30	3 50	4 70	20 8		5	50 *1 0*	300 *1 0*	600 *1 0*	1 325 *74*
11 00	5 00	44	10 9		*1*	09 *43*	164 *19*	273 *8*	95 *9*
40	40	8							
34 00	2 80	1 75 90	65 57	9	00 *4*	679 *34*	584 *94*	33 *31*	6 335(I) *9 3(P*

		6							
		85							
		,45							

	1	74				o	6	100	1 o
1		85		9	35	4	45	45	114
10		1 18		38	4	56	6)	6	6
1	1	1		5	15	15	5	15	50
1	1	3			4	S	8	8	8
13	13	93		15	60	90	9	90	90
49	63	1 61				15	60	1 ɔ	1

Name f P je t	T tal co t	Expen d tu e in curred pto March 1951	Expend ture 1951 52	1952 53	T o years t tal	1953 54
1	2	3	4	5	6	7
BIHAR—c td						
Irrig —contd						
F rther oo tubew ll n S uth B ha	98			20	0	5
I rigation Dam d s hilly d tricts	00		10	53	62	3
T t l	11,40	1 26	1 91	2,57	4,48	1 96
r						
P B B F B Em g T bew ll s hem	66	3	14	10	24	6
D h Sa aram l ft rrigat n nd l trificat	55	13	10	11	21	
Gay l t pply h m	61	15	9	9	18	9
Hazari agh l ctri uppl h m	23	5	3	4		4
Kodarm nd M ca M s l ct fi cati n hem	32	1		3	4	8
Cool m l ct ificati n h m	66			8	8	30
T k ng er f der l ct l ctri pply nd t k g	33			3	3	5
Giridh l ctri suppl h m	14	1		4	5	
G dih—M dh pu J d h El c tri supp	19			3	3	5
North Bih Tubew ll d l ctrif cat n heme	1 60	6	76	25	1 01	13
Baxu T be ll d l ct ificati n chem	35			7	7	4
Th rmal P e S t n S h me i N th B ha	83					1
T l	8,47	64	1 14	86	2 00	1 14
GRAND TOTAL	19 87	1 89	3 05	3 43	6,48	3 10

(R pees in Lakhs)				B fi					
p pos d			Bal f t	Additı l Irrıgatı d/ P (000 cres/000 K W)					
1954-55	1955 56	F y ars total		951 52	1952 53	1953 54	1954 55	955 56	On com pl u
8	9	10	11	1	3	14	15	16	17
26	6	98			8	30	68	8	80
3	3	58	4	5		4	60	5	75
1 60		9 73	4	77	79	364	57	7 9	823
6	7	44			T n m		and dı tnb n		
7	7	42				D			
9	9	45				D			
4	4	8				D			
9	9	3				D			
3	3	1 00	1 66			D			
5	5	8	5			D			
3	3	3				D			
5	5	9				D			
18	18	1 54				Do			
4	4		5			D			
1	16	46	37			D			4
1 16	1,-0	5,50	1 2 33			Do		2	4
2 77	2 90	15,23	2 75	77	179	364	571	7 9	823(1) 4 P\

N me of Proj ct	Total co t	E pen diture in curred upt March 1951	E pendi			
			1951 52	195 53	T o years t t l	1953
1		3	4	5	6	
BOMBAY						
Irrig						
Ga gap St rage P oject	2 34	1 00	28	50	78	6
V dala D m P je t	2			5	5	
Ghatap bha I e Bank Canal Pr ject	5 45	,00	8	0	8	1
Mah R ght B nk Can l P j t	4 2	24	14	50	64	1 1
R d tank		3	4	9	1	6
Kolch W r	18	11	1		3	4
Kak apa P ject	12 16	65	1 08	1 54	6	3 00
Total	25 72	3 03	1 83	3 20	5 01	6 1
Power						
R dhanagr H dro-el ctri P o-j ct	2 0	1 2	23	4	65	0
K lh pu me g ncy irrigatio and city con ers on schem	29	2	4	13	17	
Jog d tribu n s h m	2 13		45	1 00	1,45	68
Ch la P w r Station	2 9	8	1 4	1 25	49	15
rth G j El ctric Grid cheme	51	90	39	40	79	0
So th Gujrat El ctri Grid s heme	3-1	91	39	6	99	
El ctrification of wns and illages	96	26	19	17	36	
Total	14 12	3 69	2 93	3 97	6 9	6
GRA D TOTAL	39 84	6 72	4 6	7 17	11 93	8,41

(Rupe s n lakh)

p po ed			Bala of t	Additional Irr gati n (000 ac es/000	B fits d/ K W)	P w			
1954 55	1955 56	F years t t l		1951 52	95 53	953 54	1954 55	1955 56	O com pl ti
8	9	10	11	12	3	4	15	16	7
5	50	34					20	30	38
		2						3	3
1	1 2	4,45			30	60	8	100	0
1	1 10	4 0				3		0	5
		9				3	4	4	4
		7				2	4	4	6
3 00	2 89	11 51		115	1 5	2	7	330 4	60 24
5 8	5 69	22 69		5	48	88	388	49 4	876 4(P)
		85		1	2	5	5	5	5
		7		1	1		1		
		2 3			2				
		67				54	54	54	54
3		6		5	8		8	8	8
5	31	2 30			5	5	3	3	3
14		70		2	4	4	4	4	4
96	31	10,43		9	3	0		141	14
6 78	6 00	33 12		5 9	148 32	288 101	388 117	491 141	876 ( ) 141(P)

Name of Project	Total cost	Expenditure incurred upto March 1951	Expenditure: 1951-52	1952-53	Total for two years	1953-54
1		3	4	5	6	7
MADHYA PRADESH						
Irrigation						
Construction of Area Tank in Chundwara	32	14	10	8	18	
Dokerh	16		2	6	8	[illegible]
Bargoor	2		2	9	11	[illegible]
Gonda	75			24	26	[illegible]
Dudhwa	1 5			40	42	3[illegible]
Sampra	30		1	5	6	[illegible]
Dukrikhera	30		1	6	7	[illegible]
Total	3 55	14	20	98	1 18	8[illegible]
Power						
Central Thermal Station Nagpur	4 85	7 95	76		76	
Distribution system	36		13	1	5	
Akh la Power Distribution	3 71		52	57	1 09	[illegible]
Gondia Extension	33		8	18	6	
Northern Grid Jubbalpur Katni	62		16	30	46	
Raipur Pilot Station	1,28		10	24	34	9[illegible]
Power Station Billa pur	1 92		50	78	1,28	
Others	62		7		7	
Total	13 69	7 95	2 32	2 19	4 55	6
GRAND TOTAL	17,24	8,09	2 52	3 1	5 69	14

(P pees in lakh)

p opo ed			B lance f Co t	B fit Additional Irri ati n and/ Powe (000 acres/000 k. w)					
1954 55	1955 56	F years total		951 5	195 53	953 54	1954 55	1955 56	On com pl t
8	9	10	11		13	14	15	6	1
		8		4		0	10		10
2		16					4	4	4
		22				3	5	5	
3	3	75				1	30	50	5
31	31	35	15			10	4	0	)
8	8	30				2	6	0	10
8	7	3					6		
74	49	3 26	15	4	10	39	101	1 9	9
		76							
		25							
45	25	2 3							
		6		35	4	4	55		
		46							
9	9	6							
		1,28							
		7							
54	34	6 01		35	4	40	55	55	55
8	83	9 27	15	14 35	10 40	39 40	101 55	159 55	1 9 1 55(P)

Name of Project	Total cost	Expenditure incurred upto March 1951	Exp…			
			1951-52	1952-53	Two Years total	195…
1	2	3	4	5	6	
MADRAS						
Irrigation						
Lower Bhawani	9 07	4 17	2 34	2 00	4 34	
Malampuzha Reservoir	3 8	78	1 05	1 50	2 55	
Mettur Canal Scheme	2 45	13	75	1 10	1 85	[illegible]
R ll p d nd tag	58		0	5	45	[illegible]
R mperu Drain	96	59	25	1	37	
Ca n Delta Drainage Improvements	30	29	1		1	
M nimuthar Project	3 98	4	85	1 65	50	1 5
Upper P nnar Project	84		15	30	45	30
Bh ra nit ppa Project	93		10	20	30	40
Araniar Scheme	95		0	35	55	30
W lya Scheme	1 00		5		35	4
M gal m Reservoir	45		5	10	15	0
New G M F Schemes in charge of P W D	73			73	73	
Tungabhadra	18,20	8 06	3 63	3 91	54	1,40
District—probable savings			2 00	00	4 00	
Total	44 24	14 08	7 73	10 41	18 14	5 84
Power						
Moyar Hydro-Electric Scheme	4 64	74	51	50	1 01	18
Pykara—III stage Extension	4 89	1,28	68	47	1 15	30
P pana am d stage Extension	3 36	1 30	71	77	1,48	6
M chkhund Hydel scheme	6 82	1 84	1,00	1 99	99	83
M chkhund Transmission Line	8,03	1,47	2,00	2 00	4 00	3
Madras Plant Extensions	10,43	1 71	1,01	1 72	2 73	1 80
Nellore Thermal Scheme	1,01	53	10	14	4	6
Madras M tt Inter connection	18	59	34		56	15
Transmission line and Distribution	22 93	5 89	3 19	3 50	6 69	3 84
Tungabhadra Hydel Scheme	7 94	6	23		73	1 50
Acquisition of Electrical undertakings	4 50	8	54	46	1,00	6
Total	77 73	18,05	10 31	1 27	2 58	9
GRAND TOTAL	1,21 97	32 13	18,04	2 68	40 7	15 69

(R pe ın lakh)

p opo d

1954 55	1955 56	Fı e years t tal	Balance of c t	B efits Addıtı nal Irrıgatı n and/o P w (000 cr /000 k w) 1951 52	1952 53	1953 54	1954 55	1955 56	On com pl tı n
8	9	10	11	12	3	14	15	16	7
		4 90		10	30		13	165	o
1		3 3				o	20	30	4
		3				10	25	40	45
		55				4	8		
		37				5	8	10	o
		1							
		3 95					12	18	20
9		84						4	6
23		93					2	5	
1		95					1	3	3
5		00					3	5	8
1		45							4
		73							
7	50	1 4			100	2	43	165	50
1 68		3 6			13	253	356	459	6 5
		,41	49			36	36	36	36
43		08	53			8	8	28	8
16	9	99	7	7	7		10		
3	7	4 3	66			5	5	5	3
9	3	4 55							
9	,27	7 7	o		24	28	8	28	58
6	5	4	7	5	5	8	8	8	8
1		95	64						
3 38	3,48	17 39	65						
2 50	1 7	6,43	89					3	60
60	8	3,00	1,4						
9 0	8,2	50,-4	9,44	24	48	16	162	9	3
11 38	8 71	80,40	9,44	10 24	13 48	253 16	356 6	459 9	6 5(I) 3 0(P)

Name of Project	Total cost	Expenditure incurred up to March 1951	Expenditure 1951-52	1952-53	Two years total	1953-54
1		3	4	5	6	7
ORISSA *Irrigation*						
Main Irrigation	4 0	1 0	75	1 13	1 88	60
Power						
Duduma Transmission Scheme		4	6	30	36	0
Rural Electrification Scheme	4	3	1	5	6	5
Others	54	4			7	
Total	3 25	54	14	35	49	25
GRAND TOTAL	7 27	1 56	89	1 48	2 37	85
PUNJAB *Irrigation*						
Dera Baba Nanak Tubewell Scheme	5				2	
Ambala Tubewell Scheme	10					5
Ext n i of irrigation a id rea of Jandial d (d pu Di s n f L B D C f om m n Line	25		5	0	2	
Excavation f w d stributary of Kasur Branch	25		5	6	11	6
Kiran Nallah	20		18		18	
R ng b nk t Chann l d gi ing t mpora hoot luri g Kh rif	1 26		0	20	40	0
J g dhari T be l S h m	1 25		64		64	
Other Schemes	65		27	7	34	
Total	4 11		1 39	55	1 94	36
Power						
Development of N p l ad	59	1	18	20	38	
I cnt and I p ga da	1		0 1	0 1	0	0 3
k t g nd t l t n	11					4
Total	71	21	18	20	38	4
GRAND TOTAL	4 8	1	1 57	75	2 32	40

(Rupees ın lakhs) p pos d			B l ce of co t	Add ti l Irngatı n d/ P (ooo cres/ooo k w) B fit					
1954 55	1955 56	F years total		951 52	195 53	1953 54	1954 55	1955 56	O com pl ti n
8	9	10	11		13	14	5	16	7
35		3 00			63	70	24	255	6
15	10	81	,45						
5	3	19	9						1
		7		5	5	5	5	5	5
0	3	1 07	1 64	5	5	5	5	5	6
55	3	4 07	64	5	63 5	170 5	224 5	255 5	261(I) 6(P)
8		15						20	20
5		10					10	4	14
		5			2	4	60	80	100
					4	65	90	5	140
		18			1		33	44	44
2(	20	1,00		50	60	75	90	100	100
		64		10	30	5	70	90	
		34		59	1 9	5	152	156	56
33	20	2 83		139	18	414	515	6 9	6 6
		38							
2	0 1	8							
6	1	11							
6	1	50							
39	21	3 33		39	180	4 4	515	619	676(I)

N m f P oject	T tal cost	Expend ture incurr d up t Ma ch 1951	Expenditure 1951 52	195 53	Two years total	1953 54
1		3	4	5	6	7
UTTAR PRADESH						
Irri						
600 Sta t bew ll W te n Distr ct	80	1 47	19	15	34	
5 ddit nal t b lls T W C le (E	17	7	5	5	10	
o ddit n l t be ll T W C l (W)	1	5	16	40	56	
o Stat t be ll n G khpu B t d D on D str t	30	18		1	12	
F n f p l g tub ll guls	91	37	10	36	46	36
440 State tubew lls n th D st t of Shahj h npu S t p t	1 80	35	1 0	5	1 45	
03 mil f ex o f S da canal	49	38	6	5	11	
106 m l f t ns f Sa d canal	90	38	18	4	4	10
Pratapga h B h	50	13	9	28	37	
Tra Kal p)	60	1	12	8	40	10
S pra D m	46	45	10		10	
Bel canal p)	90	9	0	5	45	25
F b l ke	19	5	10	4	14	
Con truct f 293 Stat tube ell	26,49			50	50	1 0
L ng Ir g h nnels guls a d canal	90					
Res rv ir d B dh nd canal syst m an l ding Majhgawar in South rn Utt r Pradesh	7 33		0	75	95	5
Co to guls d mall hann ls H ll D trict	90		12	4	16	3
O her S h mes	1 12	1 08	10		10	
T l	47,47	5 25	3 06	3 64	6 70	3 09

(R p es lakh)

p op d			B l e f t	Benefits Additi nal Irrig tio and/ r Po (ooo cre /ooo k w)					
1954 55	1955 56	Fiv years total		1951 5	952 53	1953 54	1954 5	1955 56	O com pl ti
8	9	10	11	1	13	14	1	16	17
		34		258	83	83	53	3	3
		10			3	3	3		3
		56		54	94	94	94	94	94
		1		3	32	3	3	3	3
36	36	54		25	4	6	8	99	3
		45			60	4	8	187	
		1		6	76	6	6	6	6
		5		60	5	56	76	1 6	6
		37			6	44	44	44	44
		50			26	44	44	44	44
		0		3	3	30	3	9	3
1		8				38	38	8	38
		4		5	5	5			5
1 50	1 0	5 00	2 49			5			533
		20	7					5	45
75	55	3 00	4 33		5	60	00	160	4
3	3	25	65		4	5	6		24
		0		1 3	3	3	3	113	1 3
85	2 54	15 19	27 17	805	044	3 9	596	1 681	3,4 4

Nam t P j t	T t l ost	Expend ture ncurred up t M ch 1951	Expenditure			
			1951 52	1952 53	Tw yea s total	1953 54
1		3	4	5	6	7
UTTAR PRADESH						
Irri						
6 Stat t b ll in W t D tr ct	1 80	1 47	19	15	34	
50 ddit l b ll T W C l (E	17	7	5	5	10	
00 dd t l be ll T W C cl (W	71	15	16	40	56	
00 St t t bew ll G khp B t d Deon D t t	3	8		1	1	
Ex 5 l p a l g t be ll gul	1 9	37	10	36	46	36
440 Stat tubewells n th D st t of Sh hjeh p S t p e ct	1 80	35	1	5	1 45	
803 m les f ext n f S d canal	49	38	6	5	11	
106 m l f n of Sa d canal	90	38	8	4	4	10
Pra pg h B h	50	13	9	28	37	
T an K l n p j	60	10	12	8	40	10
S pra Dam	46	45	10		10	
Be canal p j t	90	9	0	5	45	25
I b lak	19	5	10	4	14	
Co tru t f 93 Stat tube ll	6,49			50	50	1 0
L g Ir g t n hannels gul d canal	90					
F s and Bundh and canal yst m s l ding Majhga a l S the n Utta Pradesh	7 33		0	75	95	5
C t gul a d mall h nnels n H ll D trict	90		1	4	16	3
O her S hem	1 12	1 08	10		10	
T t l	47.4	5..5	3 06	3 64	6 70	3.09

(R pees n lakh)

Pr po ed			B I c f co t	Ben fit Add t nal Irr gatio d/o P w (000 cre /000 K W)					
1954 55	1955 56	F years total		1951 5	1952 53	1953 54	954 55	1955 56	On com pl ti
8	9	10	11	12	13	14	15	6	1
		16		6	6	6	6	6	6
86		4 50					3	3	3
		1 45				9	9	9	9
		16							
		76							
1 33		4 16							
50	50	1 66	2 9			5	6	1	4
	50	5	4 50						o
5	5	20	4			0 5	50	5	3 00
		3		2				2	
2 74	1 05	13 58	7 81	1		20 75	48 5	53 75	137(P)
5 59	3 59	28 77	34 98	8 5 *10*	1 44 *10*	3 9 *20 75*	596 *43 50*	68 *5*	3,474(T) *5 137 00 P)*
53		1 ,44		100	00	00	400	600 4	600 4
		10			4	6	6	6	6
		1 5			8	8	46	46	6
		99				26	6	6	6
		59		174	385	389	389	389	389
53		15		74	6 7	648	96	,06	1 06

N m of p ject	Total cost	Ex penditur incurr d up to Ma ch 1951	Expend ture			
			1951 52	1952 53	T o years total	1953 54
1	2	3	4	5	6	7
WEST BENGAL— td *Powe*						
N rth Cal utta Ele trificatio S h m	109	48	23	28	52	9
Appo ntm t f P r Engineer Schem	17	(	2	2	4	2
O h S h mes	10	4	3	1	5	1
Total	136	58	28	31	61	12
GRAND TOTAL	20 56	4 61	4 24	50	9 29	4 08
HYDERABAD *Irrigat on*						
T a h d	3 04	6 22	4 00	5 00	9 00	4 00
R j l b d	4 30	1 16	1 00	1 00	2 00	70
G a r F Pha	4,41	83	80	80	160	80
I l ag	60	20	12	15	7	13
S las e		6	8	8	16	
B d	43	24	19		19	
Kh ap	32	1	6	9	15	8
M o I g u	0		25	25	50	0
Oth r	8	2	6		6	
T tal	34 10	8 74	6 56	7 37	1 93	5 91
P we						
Niz ms r Hyd o-El ctri P j ct	1 75	1 33	4		42	
T ngabhad H d l (1st pha — C vil Wo k	50	2	23	25	48	
Pamgund m Th rm	81	1 64	76	41	1 17	
H d rab d Thermal			9	4	13	14
T tal	5 33	2 99	1 50	70	2 0	14
GRA D TOTAL	39 43	11 73	8 06	8 07	16 13	6,05

(Rup e in l khs) p op d			Bal ce of cost	B fits Addıtı nal Irrıgatı n d / P (ooo cr s/ooo K. W)					
9 4 55	1955 56	F e years total		1951 52	95 53	953 54	954 55	955 56	O com pl tı
8	9	10	11	1	13	14	5	16	
		61							
		11							
		6							
2		78							
56		15 96		274	618	648	867	67 4	10 67 (I) 4 (P)
00	09	16 09	73	4	5	1 00	1 5	00	4
44		4				1	0	35	79
0	48	3 58				0		40	3
		4					5	8	10 3
		16						4	5
		19					4	7	8
8		3						3	13
		0			45	60	60	60	60
		6				1	2		
3 2	57	24 63	73		96	85	263	359	68
		4			5	5	15	15	5
		48				37	37	37	37
		17					8	8	8
		7							
		2 34			15	5	60	60	60
3 2	1 57	6 97	73	27	96 15	185 5	263 60	359 60	68 (I) 60 (P)

N me of Proj ct	Total cost	Expen diture in curred up to March 1951	Expenditu e			
			1951 52	1952 53	Two years total	1953 54
1	2	3	4	5	6	7
MADHYA BHARAT *Irrigat on*						
Khuj P j ct	1 00			25	25	5
Chi P oject	40			10	10	17
Lohaga h P oj t	50			1	1	13
Constru ti n f n tanks	57		5	31	36	
R pairs t ld tank	47		18	13	31	5
Imp m nt d xt ns n f hann l	34		20	14	34	
Total	3 8		43	1 05	1 48	60
Power						
Central P H u e at Ind e In tallati n f 3000 K W r conditi n d plant t Ind e H T f m I d e nd rem d l ling f mains t Ujjain	1 76	35	33	7	10 5	31
Ext n on of Pow Plant and mod lling of mains at Gwal	55	7	5	35	40	6
Rural l ctrif cation	16		5	8	13	
Othe	18	4	10	2	12	
T tal	2 64	46	54	1 17	1 70	44
G AND TOTAL	5 92	46	97	2 22	3 18	1
MYSORE *Irri t n*						
Co tructing Res rv acro th Bhadra Ri e Lakkavalli	20 00	70	30	36	66	40
An cut acr s Tunga Ri e near Sakr byle	2 00	51	25	0	55	3
R rvo cr Nugu Ri e	2,20	30	28	35	63	43
N w T k acr J nigehalla	21	8	3	3	6	3
N rmal Expe d ture of Kri hn raj sagar a d all d wo ks Visv waraya Canal a ea	50		12	12	24	10
R ervo across S lu Hall at Ambl ola	18		1	2	3	4
N w T nk cross S varnamukhi R e at K nyala	0		1	3	4	6
O her Schemes	1 78	86	22	28	50	

(R pees in l kh)

p opos d			Balance	Ben fits Additi nal Irr gatio and/o P w (000 cres/000 K W)					
1954 55	955 56	F years total	f co t	951 52	195 53	1953 54	1954 5	1955 56	O com pl t
8	9	10	11	12	13	14	15	6	17
5	5	1 00						1	1
10	10	40						8	8
3	12	50						25	25
7	7	57		4	8	12	16	2	0
5	5	46		2	4	6	8	10	10
		34		3	6	9	12	15	15
60	59	3,-7		9	8	27	36	57	90 (I)
5		1 41			3	13	13	3	3
		48							
		17				1	1		1
		14				1			
5	1	2 19		1	4	15	15	15	5
65	60	5 46		9 1	18 4	7 15	36 15	7 5	90 (I) 5 (P)
40	40	186	17,44						180 4
32 4	3 42 1	,49 1 90						1 0	2
8	8	50							
5	4	16	2						7
5 14	5 7	20 93	2					1	2
1,47	1 38	7 6	17,48					64	9

Name of Project	Total cost	Expenditure incurred up to March 1951	Expenditure			
			1951-52	1952-53	Two years total	1953-54
1	2	3	4	5	6	7
MYSORE—contd.						
Power						
Normal Capital Works	3 20		80	60	1 40	60
Mahatma Gandhi Hydro Electric Works	7 30	6 47	33	40	73	10
Frequency Converters	30		6	10	16	0
Shimsha Extension	3 20		1	50	51	1 00
Extension of Transmission lines	1 63		33	40	73	30
Installation of Step down Stations	1 16		41	25	66	15
Distribution	0		43	50	9	40
Power supply to Irrigation pumping sets	40			10	10	10
Others (survey of projects)	3		3		3	
Total	19 24	6 47	2 40	2 85	5 24	5
GRAND TOTAL	46 33	8 9	3 59	4 35	94	4 6
PEPSU						
Irrigation						
Remodelling of channels	15	3	3	5	8	
Others	0		11	8	19	1
Total	35	3	14	13	27	3
Power						
Electrification of Pepsu Towns	2 00		16	4	20	4
GRAND TOTAL	2 35	3	30	17	48	

(Rupees in lakhs) Proposed				Benefits Additional Irrigation and/ Power (000 acres/000 K.W.)					
1954 55	1955 56	Five years total	Balance of cost	1951 52	1952 53	1953 54	1954 55	1955 56	On completion
8	9	10	11	12	13	14	15	16	17
60	60	3 0							
		83		48	120	12	120	12	120
4		30							
1 00	60	3 1	9				34	51	51
30	3	1 63							
15	20	1 16							
40	30								
1	0	40							
59	2 10	68	9	48	1		154	17	171
4 06	3,48	19 84	17 57	48	20	120	154	64 171	59 (I) 171 (P)
2	2	14							
		2		1	1	1	1	1	1
2	2	34		1	1	1	1	1	1
4	2	31	1 69						
6	4	65	69	1		1	1	1	1

Nam of P ject	T tal cost	Expen d tu e n u red upto M ch 1951	Expen ture			
			1951 52	195 3	Tv o y ars t tal	1953 54
1		3	4	5	6	7
RAJASTHAN *Irri n*						
J a P s t	2 39	1 20	55	2	77	18
P bat I rrigati n P j t	50					0
G th I rrigati n P j t	34			1	1	15
K l S ll P j ct	16		1	7	9	8
Oth P j ct	6 50	44	49	4	91	55
T t l	9 89	1 64	1 06	73	1 80	1 16
P w						
P P j t	38		38		38	
GRAND TOTAL	10 7	64	1 44	73	2 18	1 16
SAURASHTRA *I g*						
Ran h l	54	34	21		1	
Ma h	6	8	15	25	40	20
Brahm	7	12	15	5	40	20
Sa h	(8	13	3	0	23	0
Gh	18	8	1		10	
P	13	3	1	9	10	
S a d	25	13	14		11	
M			3	25	3	5
Bh m d	19		10	9	19	
M lan	3			10	10	10
Aj	70		10	10	20	0
Bh o	50					
O at	60					
L ft gau	10		2	2	4	
T t l	6 11	9	1.04	1 35	2 39	1 18

R pe lakh) p p s d			B l f o t	Add t al I gatu (000 cr /000 K W) B fits d/ P					
1954 55	1955 56	F ve y t tal		1951 5	195 53	1953 54	954 55	1955 56	O com pl t
8	9	10	11	1	13	4	15	6	17
15	9	1 19						46	46
	8	50						5	15
14	4	34						0	3
		6						14	14
49	4	2 37	3 69						49
98	63	4 56	3 69					5	596
		36							
98	63	4 94	3 69					1 5	596
				1		10	1		0
8		69					2		
1		6							
1		54					6	6	6
		1			4	4	4	4	4
		0			1		1	1	1
		14			3	3	3	3	3
19		72					15	5	15
		9			3	3	3	3	3
0		3					6	6	6
2	1	7						6	6
		0	30						6
		20	40						
2		10		1			2	3	
1 00	3	4 79	7	1	22	23	94	10	

Name of Project	Total cost	Expenditure incurred upto March 1951	Expenditure			
			1951 52	1952 53	Two years total	1953 54
1	2	3	4	5	6	7
Power						
Power Projects						
Establishment of Thermal Station	2 62		50	53	1 03	53
GRAND TOTAL	9 03	92	1 54	1 88	3,42	1 71
TRAVANCORE COCHIN						
Irrigation						
Peechi	1 73	63	50	61	1 10	
Chalakudy	1 20	2	27	71	98	
Perunchrani	68	4	15	11	26	
Wadakkancheri	49	5	0	24	44	
Vembanad	80		15	30	45	35
Neyyar Scheme	1 20		10	5	35	45
Total	6 10	1 31	1 37	2 22	3 58	80
Power						
Pallivasal II Stage	30	70	38	76	1 14	46
Sengulam Hydel	75	1,40	68	55	1,23	1
Poringalkuthu Left Bank	2,60	1,25	60	75	1 35	
Transmission and Distribution	9 55	4,00	84	1,46	30	1,46
Total	17,20	7 35	2 50	3 52	6 02	04
GRAND TOTAL	3 30	8 66	3,87	5 74	9 60	2 84

(Rupees in lakhs)

p opos d			B lanc of cost	B fits Addit on l I rig ti n d/ P w (000 cr /000 K W)					
1954 55	1955 56	F ye total		1951 52	1952 53	1953 54	1954 55	1955 56	O m pl ti n
8	9	10	11	12	13	4	5	16	17
53	53	2 6			3	6	9	12	1
1 53	85	7 41	7	11	22 3	3 6	94 9	10 1	108 (I) 2 (P)
		10				48	48	48	48
		98				50	5	50	5
		8				6	6	6	6
		44					11	1	11
		8					24	24	-4
40		1 0						31	3
40		4 78				115	139	17	170
		1 60					8	9	9
		1 35		12	48	48	48	48	48
		1 35			24	24	24	-4	24
1 8	71	5 55							
8	71	9 85		2	72	7	79	81	81
1.48	71	14 63		2	7	115 72	139 79	170 81	1 0 (I) 81 (P)

N n of I j t	T tal t	Γ p d t n d pt M r h 19 1	E 1 nlt 19 1 5	19 53	T y rs t al	19 3
1	2	3	4	5	6	7
PART C STATES						
Bhop l						
Bhopal El ctric Pow r Exten ion S hem	5				4	
C rg						
B lk Pur h s f Pow f om Mysore	15				15	
K t l						
M jo rment n vo ks in l di g ell	95				35	
P w P ject—Acqu ti n f El ctr c ty u d rt ki gs	11				11	
Rural El ct ficau	12					
Total	1 18				46	
Tripu a						
N ti nal sati n of Ele t c Supply Comp ny Agartal	7				7	
I ndl P al h						
Pow r Pr ject	50				46	
H m l l P al l						
Irrigati n—Med um Irrigation P oject	80				30	
Power—I stall ti n f Hydel Plants in Mandi Chamba d M ha u and t n n f elec tricity from Mandi t S da nagar	9				3	
Total	89				33	
GRA D TOTAL	86				1 52	

(R p cs n l khs)

p p ed			B l nce f ost	Add t l I neatt (000	B fit /000	d P K W)			
1954 55	955 56	F y rs to l		195 5	1952 53	953 54	954 55	1955 56	O m pl tion
8	9	o	11		3	4	5	6	7
		5							
		5							
		95							
		11							
		1 8							
		50							
		8						3 o	3 ɔ
		9						1	1
		89						300	oo
		86						300/	300

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THE FIRST FIVE YEAR PLAN

A DRAFT OUTLINE

Corrigenda

Page 28	Para 59	Line 1	*after* holding *insert* in check
28	59	2	*delete* in check
33	72	8	*for* parties *read* parities
37	—	8	*for* taht *read* that
42	22	1	*for* connection *read* correction
42	22	1	*for* dispart *read* disparities in
46	Footnote	2	*delete* the *before* Rs
77	Para —	4	*for* objectives *read* objective
78	5	27	*for* however *read* nevertheless
91	16	16	*for* Centres *read* Centre
168	—	11	*for* racticability *read* practicability
186	10	10	*delete* the line
201	—	5	*for* pysiology *read* physiology
201	21	6	*for* fields *read* field
203	—	17	*substitute* and *for* *b fo e* di tribution
21_	Table footnote		*d lete* Governments for other hous ng
2 1	Para 6	Line 12	*delete* the *after* the word serving
29	8	12	*for* miss onery *read* mi sionary
29	Column 1		*delete* Power Project *under* Power